

**PICKFORD PUBLIC SCHOOLS**

**PICKFORD, MICHIGAN**

**JUNE 30, 2007**

*Baird, Cotter and Bishop, P.C.*

**CERTIFIED PUBLIC ACCOUNTANTS**

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601

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PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2007

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# *Baird, Cotter and Bishop, P.C.*

## CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601  
PHONE: 231-775-9789 FAX: 231-775-9749  
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August 3, 2007

### INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Pickford Public Schools  
Pickford, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Pickford Public Schools, Pickford, Michigan, as of and for the year ended June 30, 2007, which collectively comprise the Districts' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Pickford Public Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position, the governmental activities, each major fund, and the aggregate remaining fund information of Pickford Public Schools, Pickford, Michigan, as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2007, on our consideration of Pickford Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages iii through xi and 24, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pickford Public Schools, Pickford, Michigan basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C

*Baird, Cotter & Bishop, P.C.*

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2007

Pickford Public Schools is a K-12 school district located in Chippewa and Mackinac Counties, Michigan. The Management's Discussion and Analysis is intended to be the Pickford Public Schools administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2007.

Generally, accepted accounting principles (GAAP) require the reporting of two types of financial statements: fund financial statements and government-wide financial statements.

**A. Fund Financial Statements**

The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, school districts' major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in various other funds. These include Special Revenue Funds and Debt Service Funds.

In the fund financial statements, capital assets purchased are reported as expenditures in the year of acquisition with no asset being reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. The obligations for future years' debt service are not recorded in the fund financial statements.

**B. Government-Wide Financial Statements**

The government-wide financial statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The District's entire assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation, as well as the bonded debt of the District.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2007

**C. Summary of Net Assets**

The following schedule summarizes the net assets at fiscal year ended June 30,

	<u>2007</u>	<u>2006</u>
<b>Assets</b>		
Current Assets	\$ 1,233,991	\$ 1,155,863
Non Current Assets		
Deferred Charges	55,461	59,158
Capital Assets	5,335,129	5,280,049
Less Accumulated Depreciation	(1,222,886)	(1,212,815)
Total Non Current Assets	<u>4,167,704</u>	<u>4,126,392</u>
Total Assets	<u><u>\$ 5,401,695</u></u>	<u><u>\$ 5,282,255</u></u>
<b>Liabilities</b>		
Current Liabilities	\$ 772,655	\$ 664,309
Non Current Liabilities	<u>3,917,014</u>	<u>4,282,419</u>
Total Liabilities	<u>4,689,669</u>	<u>4,946,728</u>
<b>Net Assets</b>		
Invested in Capital Assets Net of Related Debt	23,408	276,392
Restricted for Debt Service	83,433	198,985
Restricted for Consolidated Community Schools	448,530	452,660
Unrestricted	<u>156,655</u>	<u>(592,510)</u>
Total Net Assets	<u>712,026</u>	<u>335,527</u>
Total Liabilities and Net Assets	<u><u>\$ 5,401,695</u></u>	<u><u>\$ 5,282,255</u></u>

**D. Analysis of Financial Position**

During the fiscal year ended June 30, 2007, the District's net assets increased by \$376,499. A few of the more significant factors affecting net assets during the year are discussed below:

**1. Depreciation Expense**

The school district maintains a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

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Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2007, \$151,593 was recorded for depreciation expense.

**2. Capital Outlay Acquisitions**

For the fiscal year ended June 30, 2007 assets valued at \$199,602 were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained above. The District capitalized school busses.

The net effect of the new capital assets, asset disposals and the current year's depreciation is an increase in net capital assets in the amount of \$45,009 for the fiscal year ended June 30, 2007.

**E. Results of Operations**

The following schedule summarizes the results of operations, on a District-wide basis for the fiscal year ended June 30,

	2007	% of Total	2006	% of Total
<b>General Revenues</b>				
Property Taxes	\$ 964,922	14.43%	\$ 841,989	13.24%
Investment Earnings	22,713	0.34%	16,599	0.26%
State Sources	3,293,799	49.27%	3,268,192	51.40%
Other	107,359	1.60%	42,948	0.68%
Total General Revenues	\$ 4,388,793	65.64%	\$ 4,169,728	65.58%
<b>Program Revenues</b>				
Charges for Services	\$ 351,688	5.26%	\$ 317,819	5.00%
Operating Grants	1,944,494	29.10%	1,870,482	29.42%
Total Program Revenues	\$ 2,296,182	34.36%	\$ 2,188,301	34.42%
Total Revenues	\$ 6,684,975	100.00%	\$ 6,358,029	100.00%



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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2007

	2007	% of Total	2006	% of Total
<b>Expenses</b>				
Instruction	\$ 2,850,921	45.19%	\$ 2,881,103	44.65%
Supporting Services	1,197,716	18.99%	1,194,291	18.52%
Food Service	152,775	2.42%	154,826	2.40%
Athletic Activities	130,914	2.08%	119,472	1.85%
Community Services	1,564,110	24.79%	1,668,645	25.86%
Interest on Long-Term Debt	167,705	2.66%	195,156	3.02%
Other Transactions	92,742	1.47%	118,781	1.84%
Unallocated Depreciation	151,593	2.40%	120,026	1.86%
Total Expenses	6,308,476	100.00%	6,452,300	100.00%
Change in Net Assets	<u>\$ 376,499</u>		<u>\$ (94,271)</u>	

**F. Analysis of Significant Revenues and Expenses**

Significant revenues and expenses are discussed in the segments below:

**1. Property Taxes**

The District levies 18.00 mills of property taxes for operations on non-homestead properties, less the mandatory reductions required by the Headlee Amendment, Article IX, Section 31. According to Michigan law, the taxable levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer's Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is half of the property's market value.

For the 2006-2007 fiscal year, the District levied \$457,226 in non-homestead property taxes. This represented an increase of 10.29% from the prior year. The amount of unpaid property taxes at June 30, 2007, was \$4,642.

The following table summarizes the non-homestead property tax levies for operations for the past five years:

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FOR FISCAL YEAR ENDED JUNE 30, 2007

Fiscal Year	Non-Homestead Tax Levy	% Increase (Decrease) from Prior Year
2006-2007	457,226	10.29%
2005-2006	414,583	8.12%
2004-2005	383,452	9.50%
2003-2004	350,199	8.59%
2002-2003	322,484	4.44%

**2. State Sources**

The majority of the state sources is comprised of the per student foundation allowance. The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 75% of the current year's fall count and 25% of the prior year's spring count. For the 2006-2007 fiscal year, the District received \$7,085 per student FTE, which represented an increase of \$210 over the amount received for the 2005-2006 fiscal year.

**3. Student Enrollment**

The following schedule summarizes the blended student enrollment for the past five fiscal years:

Fiscal Year	Student FTE	from Prior Year
2006-2007	513	9
2005-2006	504	(9)
2004-2005	513	2
2003-2004	511	4
2002-2003	507	3

**4. Operating Grants**

The District funds a significant portion of its operations with categorical sources. For the fiscal year ended June 30, 2007, federal, state, and other grants accounted for \$1,944,494.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2007

**5. Comparative Expenditures**

A comparison of expenditures by fund is as follows:

Expenditures	2006-2007 Fiscal Year	2005-2006 Fiscal Year	Increase (Decrease)
General Fund	\$ 5,940,363	\$ 5,844,219	\$ 96,144
Food Service Fund	152,775	154,826	(2,051)
Athletic Activities Fund	130,914	119,472	11,442
Debt Service Funds	631,067	510,741	120,326
Total Expenditures	<u>\$ 6,855,119</u>	<u>\$ 6,629,258</u>	<u>\$ 225,861</u>

A comparison of the expenditures reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances is shown below:

Expenditures	2006-2007 Fiscal Year	2005-2006 Fiscal Year	Increase (Decrease)
Instruction	\$ 2,850,921	\$ 2,881,121	\$ (30,200)
Supporting Services	1,397,318	1,194,291	203,027
Food Service Activities	152,775	154,826	(2,051)
Athletic Activities	130,914	119,472	11,442
Community Services	1,564,110	1,668,645	(104,535)
Debt Service	630,133	510,269	119,864
Other Transactions	128,948	100,634	28,314
Total Expenditures	<u>\$ 6,855,119</u>	<u>\$ 6,629,258</u>	<u>\$ 225,861</u>

**G. General Fund Budgetary Highlights**

The Uniform Budgeting and Accounting Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2007

For the 2006-2007 fiscal year, the District amended the general fund budget one time, with the Board adopting the changes in June 2007. The following schedule shows a comparison of the original general fund budget, the final amended general fund budget, and actual totals from operations:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Total Revenues	\$ 5,529,281	\$ 6,116,262	\$ 5,948,003	\$ (168,259)
<u>EXPENDITURES AND TRANSFERS</u>				
Instruction	\$ 2,744,988	\$ 2,975,678	\$ 2,850,921	\$ (124,757)
Supporting Services	1,235,467	1,427,104	1,377,318	(49,786)
Community Services	1,355,523	1,702,744	1,564,110	(138,634)
Other Transactions	186,340	123,900	128,014	4,114
Transfers	0	126,962	116,824	(10,138)
Total Expenditures and Transfers	\$ 5,522,318	\$ 6,356,388	\$ 6,037,187	\$ (319,201)

## **H. Capital Asset and Debt Administration**

### **1. Capital Assets**

By the end of the 2006-2007 fiscal year, the District had invested over \$5.3 million in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. Depreciation expense for the year amounted to \$151,593 bringing the accumulation to \$1,222,886 as of June 30, 2007.

### **2. Long-Term Debt**

At June 30, 2007, the District had \$4,152,014 in long-term debt outstanding. This represents a reduction of \$305,405 from the amount outstanding at the close of the prior fiscal year.

## **I. Factors Bearing on the District's Future**

At the time that these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

- The district has a labor agreement with the Pickford Education Association (instructional staff) which will run through August 2008. The district also has a labor agreement with the

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2007

Pickford Educational Support Personnel Association which will run through August 2010. The positive aspect of both agreements is a period of labor peace. The potential negative aspect is the rising cost of retirement and health care. Any possible negotiated amelioration likely won't happen until 2008 when the instructional staff contract expires and a negotiated window for a contract opener in the support staff becomes available.

- Pickford Public Schools remains a beneficiary of the Schools of Choice program. Of the 430 pupils counted in the February 2007 count, 60 were non-resident. Consequently, roughly 14% of the district's foundation funding is based upon students from outside the district.
- In August of 2006, voters approved the issuance of bonds in the amount of \$200,000 to purchase three new school buses. The purchased buses provided a much needed improvement to the bus fleet and allowed the district to sell three of its spare buses.
- During this past year, the district completed a sale of timber from school property, netting just over \$42,000, and sold some property which yielded another \$7,500. These two moves helped ease the cash flow for the fiscal 2007 year, and should provide the district some resources to consider a few capital improvements or purchases provided other operational funding remains steady.
- In the spring of 2006, Michigan enacted a mandated high school curriculum which will affect the freshmen entering high school in the fall of 2007. As with many smaller, rural schools, the prospects of financially being able to provide the mandated courses with a staff that also must attain highly qualified status under No Child Left Behind appear to be challenging to say the least. Implementation of this legislation holds the potential to impact staffing and allocation of resources.
- The 2007-08 school year will mark the beginning of the 11<sup>th</sup> year that the current facility has been in use. As elements of the operation such as utility systems, furniture, and fixtures continue to age, the district will likely experience some increase in maintenance and replacement costs.
- A couple of initiatives that are at least being considered by the Governor and the Legislature could impact Pickford Public Schools. One initiative revolves around consolidation of various elements of operation, things such as business services, administrative duties, purchasing, and professional development. While schools all across the Eastern Upper Peninsula already do a significant number of things cooperatively, legislation may hold further impact. The other initiative spoken of by the Governor involves providing educational programming for 4-year old children. Should a requirement to provide that type of programming become reality, Pickford Public Schools would have a number of related issues to deal with including available space, transportation, staffing, and scheduling.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2007

- The budget for the State of Michigan remains a major concern for all citizens of the state. Lawmakers are finally recognizing the structural deficiency to our current revenue system. Partisan haggling over how to solve the budget crisis will likely continue into the early fall, thereby providing Pickford Public Schools, and every other school district, township, county, and state agency with a corresponding amount of uncertainty. State leaders have opted for quick fixes and accounting gimmicks to solve budget woes in the recent past, but hopefully that won't continue. Whether or not the partisan peccadilloes can be put aside long enough to forge a plan to fix the structural deficit scenario remains speculation and not much more.

**Contacting the District's Financial Management**

- This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact the Business Manager, Pickford Public Schools, 333 S. Pleasant Street, P.O. Box 278, Pickford, Michigan 49774.

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN  
STATEMENT OF NET ASSETS

JUNE 30, 2007

ASSETS

CURRENT ASSETS

Cash	\$ 181,149
Taxes Receivable	9,386
Due From Other Governments	633,737
Inventory	2,922
Prepaid Expenses	42,322
Investments	<u>364,475</u>
Total Current Assets	<u>1,233,991</u>

NON CURRENT ASSETS

Deferred Charges - Net of Amortization	55,461
Capital Assets	5,335,129
Less Accumulated Depreciation	<u>(1,222,886)</u>
Total Non Current Assets	<u>4,167,704</u>
TOTAL ASSETS	<u><u>\$ 5,401,695</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$ 169,423
Accrued Expenses	9,923
Accrued Interest Payable	24,010
Salaries Payable	334,299
Current Portion of Non Current Liabilities	<u>235,000</u>
Total Current Liabilities	<u>772,655</u>

NON CURRENT LIABILITIES

Bonds Payable	3,830,000
Compensated Absences	63,179
School Bond Loan Fund	258,835
Less Current Portion of Non Current Liabilities	<u>(235,000)</u>
Total Non Current Liabilities	<u>3,917,014</u>
Total Liabilities	<u>4,689,669</u>

NET ASSETS

Invested in Capital Assets Net of Related Debt	23,408
Restricted for Debt Service	83,433
Restricted for Consolidated Community Schools	448,530
Unrestricted	<u>156,655</u>
Total Net Assets	<u>712,026</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 5,401,695</u></u>

The notes to the financial statements are an integral part of this statement.

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2007

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		GOVERNMENTAL
		CHARGES FOR SERVICES	OPERATING GRANTS	ACTIVITIES
				NET (EXPENSES) REVENUES AND CHANGE IN NET ASSETS
<u>GOVERNMENTAL ACTIVITIES</u>				
Instruction				
Basic Programs	\$ 1,903,120	\$ 16,860	\$ 47,335	\$ (1,838,925)
Added Needs	175,667	0	238,394	62,727
Adult/Continuing Education	772,134	0	0	(772,134)
Supporting Services				
Pupil	93,346	0	0	(93,346)
Instructional Staff	38,967	0	0	(38,967)
General Administration	201,302	0	0	(201,302)
School Administration	282,423	0	0	(282,423)
Business	49,525	0	0	(49,525)
Operation and Maintenance of Plant	343,675	0	0	(343,675)
Pupil Transportation Services	188,478	0	0	(188,478)
Food Service	152,775	60,362	93,110	697
Athletic Activities	130,914	35,687	0	(95,227)
Community Services	1,564,110	238,779	1,565,655	240,324
Interest on Long Term Debt	167,705	0	0	(167,705)
Other Transactions	92,742	0	0	(92,742)
Unallocated Depreciation	151,593	0	0	(151,593)
Total Governmental Activities	<u>\$ 6,308,476</u>	<u>\$ 351,688</u>	<u>\$ 1,944,494</u>	<u>(4,012,294)</u>
<u>GENERAL REVENUES</u>				
Property Taxes - General Purposes				457,226
Property Taxes - Debt Service				507,696
Investment Earnings				22,713
State Sources				3,293,799
Other				107,359
Total General Revenues				<u>4,388,793</u>
Change in Net Assets				376,499
<u>NET ASSETS</u> - Beginning of Year				<u>335,527</u>
<u>NET ASSETS</u> - End of Year				\$ 712,026

The notes to the financial statements are an integral part of this statement.



PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

BALANCE SHEET  
GOVERNMENTAL FUNDS

JUNE 30, 2007

	GENERAL FUND	DEBT RETIREMENT FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash	\$ 124,558	\$ 5,830	\$ 50,761	\$ 181,149
Taxes Receivable	4,642	4,744	0	9,386
Due From Other Governments	633,737	0	0	633,737
Due From Other Funds	6,186	0	0	6,186
Inventory	0	0	2,922	2,922
Prepaid Expenditures	42,322	0	0	42,322
Investments	292,830	71,645	0	364,475
<b>TOTAL ASSETS</b>	<b>\$1,104,275</b>	<b>\$ 82,219</b>	<b>\$ 53,683</b>	<b>\$ 1,240,177</b>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 169,423	\$ 0	\$ 0	\$ 169,423
Accrued Expenses	9,923	0	0	9,923
Salaries Payable	326,123	0	8,176	334,299
Due to Other Funds	0	2,139	4,047	6,186
<b>Total Liabilities</b>	<b>505,469</b>	<b>2,139</b>	<b>12,223</b>	<b>519,831</b>
<u>FUND BALANCES</u>				
Reserved for Inventory	0	0	2,922	2,922
Reserved for Debt Service	0	80,080	3,353	83,433
Reserved for Consolidated Community Schools	448,530	0	0	448,530
Reserved for Prepaid Expenditures	42,322	0	0	42,322
Unreserved, Designated - Special Revenue	0	0	35,185	35,185
Unreserved, Undesignated	107,954	0	0	107,954
<b>Total Fund Balances</b>	<b>598,806</b>	<b>80,080</b>	<b>41,460</b>	<b>717,424</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$1,104,275</b>	<b>\$ 82,219</b>	<b>\$ 53,683</b>	<b>\$ 1,237,255</b>

The notes to the financial statements are an integral part of this statement.

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET ASSETS

JUNE 30, 2007

Total Governmental Fund Balances	\$	717,424
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Amounts reported for governmental activities in the  
statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are  
not reported in the funds

The cost of the capital assets is	5,335,129		
Accumulated depreciation is	<u>(1,222,886)</u>		4,112,243

Bond issuance costs are reported as deferred charges and capitalized and amortized over the term of the bonds		55,461
--	--	--------

Long term liabilities are not due and payable in the current period and are not  
reported in the funds

Bonds Payable		(3,830,000)	
School Bond Loan		(258,835)	
Compensated Absences		(63,179)	

Accrued interest is not included as a liability in government funds, it is recorded when paid		<u>(24,010)</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u><u>709,104</u></u>
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The notes to the financial statements are an integral part of this statement.

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2007

	GENERAL FUND	DEBT RETIREMENT FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>				
Local Sources	\$ 741,530	\$ 461,909	\$ 184,953	\$ 1,388,392
State Sources	3,343,082	0	12,757	3,355,839
Federal Sources	1,546,492	0	80,353	1,626,845
Other Transactions	316,899	0	0	316,899
Total Revenues	5,948,003	461,909	278,063	6,687,975
<u>EXPENDITURES</u>				
Instruction				
Basic Programs	1,903,120	0	0	1,903,120
Added Needs	175,667	0	0	175,667
Adult/Continuing Education	772,134	0	0	772,134
Supporting Services				
Pupil	93,346	0	0	93,346
Instructional Staff	38,967	0	0	38,967
General Administration	201,302	0	0	201,302
School Administration	282,423	0	0	282,423
Business	49,525	0	0	49,525
Operation and Maintenance	343,675	0	0	343,675
Pupil Transportation Services	388,080	0	0	388,080
Food Service	0	0	152,775	152,775
Athletic Activities	0	0	130,914	130,914
Community Services	1,564,110	0	0	1,564,110
Debt Service				
Principal	0	438,200	45,000	483,200
Interest	0	142,081	4,852	146,933
Other Transactions	128,014	533	401	128,948
Total Expenditures	5,940,363	580,814	333,942	6,855,119
Excess (Deficiency) of Revenues Over Expenditures	7,640	(118,905)	(55,879)	(167,144)
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from Sale of Bonds	0	0	200,000	200,000
Transfers In	199,602	0	82,778	282,380
Transfers Out	(82,778)	0	(199,602)	(282,380)
Total Other Financing Sources (Uses)	116,824	0	83,176	200,000
Net Change in Fund Balance	124,464	(118,905)	27,297	32,856
<u>FUND BALANCE</u> - Beginning of Year	474,342	198,985	14,163	256,230
<u>FUND BALANCE</u> - End of Year	\$ 598,806	\$ 80,080	\$ 41,460	\$ 289,086

The notes to the financial statements are an integral part of this statement.

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2007

Net change in Fund Balances Total Governmental Funds	\$ 32,856
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Amounts reported for governmental activities are different because:

Governmental funds report capital outlay as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense	(151,593)
Capital Outlay	199,602

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued Interest Payable - Beginning of Year	23,680
Accrued Interest Payable - End of Year	(24,010)

In the statement of activities, only the gain or loss on the sale of fixed assets is reported, whereas in the governmental funds, the entire proceeds from the sale increases financial resources. The change in net assets differs from the change in fund balances by the cost of the capital assets sold net of accumulated depreciation.

(3,000)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred Revenue - Beginning of Year	(2,744)
Deferred Revenue - End of Year	0

The issuance of long-term debt provides financial resources of governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Decrease in School Bond Loan Fund	242,758
Issuance of School Bus Bonds	(200,000)
Repayments of principal on long-term debt	220,000
Amortization of bond issue cost and bond premium on refunding	(3,697)

Compensated Absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Compensated Absences - Beginning of Year	105,826
Compensated Absences - End of Year	(63,179)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 376,499</u>
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The notes to the financial statements are an integral part of this statement.

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

JUNE 30, 2007

	<u>ASSETS</u>	<u>AGENCY FUNDS</u>
Cash		<u>\$ 23,819</u>
	<u>LIABILITIES AND NET ASSETS</u>	
<u>LIABILITIES</u>		
Due to Groups and Organizations		\$ 23,819
<u>NET ASSETS</u>		<u>0</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 23,819</u>

The notes to the financial statements are an integral part of this statement.

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Pickford Public Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

Pickford Public Schools (the "District") is located in Chippewa and Mackinac Counties with its administrative offices located at 333 S. Pleasant Street, Pickford, Michigan. The District operates under an elected 7-member board of education and provides services to its 513 students in elementary, middle, high school, and special education instruction, guidance, health, transportation, food service, athletics and recreation. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. As required by generally accepted accounting principles, these financial statements present the School and its component units, entities for which the School is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the School's operations and so data from these units are combined with data of the School. The financial data of the component unit is combined into the General Fund of the School District to be in compliance with the Michigan School Accounting Manual. The following component unit is consolidated with the General Fund of the School District:

Consolidated Community School Services

The Consolidated Community School Services program provides adult education and community recreation to seven school districts in the Eastern Upper Peninsula Intermediate School District. Pickford Public School District is the fiscal agent for the Consolidated Community School Services program. Due to this relationship, Consolidated Community School Services is considered a component of the Schools' reporting entity.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use or directly benefit from goods or services by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Foundation Aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenues but instead as *general revenues*.

In the government-wide statement of net assets, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The District first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Governmental Funds** - Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use and balances of the school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

PICKFORD PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

**Other Non-major Funds**

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and athletic activities in the special revenue funds.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

**Fiduciary funds** account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The *agency funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

**Accrual Method**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Modified Accrual Method**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.



PICKFORD PUBLIC SCHOOLS  
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

**State Revenue**

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2007, the foundation allowance was based on pupil membership counts taken in February and September of 2006. For fiscal year ended June 30, 2007, the per pupil foundation allowance was \$7,085 for Pickford Public Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2006 to August 2007. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

**D. Other Accounting Policies**

**1. Cash and Investments**

Cash includes amounts in petty cash and checking accounts.

Investments are carried at market value.

The school's investment policy authorizes the School District to invest in funds as follows:

- (a) Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.

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- (b) Certificates of deposit issued by a state or nationally-chartered bank or a state or Federally-chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office in Michigan under Michigan and Federal laws.
- (c) Commercial paper rated prime 1 or prime 2 at the time of purchase and maturing not more than 270 days after the date of purchase.
- (d) Michigan Investment Liquid Asset Fund Plus (MILAF).

The above investment policy is in compliance with state statutes.

The School's deposits and investments are held separately by several of the School District's funds.

2. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied as of December 1, and are due upon receipt of the billing by the taxpayer. The actual due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2007, the District levied the following amounts per \$1,000 of assessed valuation:

<u>Fund</u>	<u>Mills</u>
General Fund - Non-homestead	18.00
Debt Service Fund - Homestead and non-homestead	7.00
Debt Service Fund - Homestead and non-homestead	0.82

4. Inventories and Prepaid Expenditures

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories consist of expendable supplies held for consumption, which are recorded as expenditures when consumed

PICKFORD PUBLIC SCHOOLS  
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JUNE 30, 2007

rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

5. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings and additions	50 years
Furniture and other equipment	5-20 years

The District's capitalization policy is to capitalize individual amounts exceeding \$5,000.

6. Compensated Absences

It is the District's policy to permit employees to accumulated earned but unused sick pay and comp time benefits. The amount allowable to be compensated for depends on the position and the longevity of the individual employee. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The District has opted to apply the provisions of GASB 34 paragraph

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146, which allows the amortization of premiums, discounts and bond issuance costs, prospectively for all bonds issued after July 1, 2002.

8. Fund Equity

In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Reservations of fund balance are for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Use of Estimates

The process of preparing basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

- A. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is, at present, not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by the School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year, when necessary, to adjust appropriations if it appears

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

that revenues and other financial sources will be less than anticipated, or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated.

4. The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.
5. During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
6. Budgeted amounts are as originally adopted on June 19, 2006, or as amended by the School Board of Education June 18, 2007.

**B. Excess of Expenditures Over Appropriations**

Excess of expenditures over appropriations occurred in the following funds:

School Service Fund – Athletic Activities Fund expenditures of \$130,914 exceeded appropriations of \$113,430 by \$17,484.

**NOTE 3 - DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments - Credit Risk**

The District's deposits and investments are all on deposit with Central Savings Bank, and Michigan School District Liquid Asset Fund Plus.

*Investment rate risk.* The District will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the District's cash requirement.

*Foreign currency risk.* The District is not authorized to invest in investments, which have this type of risk.

*Credit risk.* The District will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the District will do business in accordance with the District's investment policy.

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JUNE 30, 2007

*Concentration of credit risk.* The District will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2007, \$1,052,254 of the government's bank balance of \$1,184,440 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered, or securities held by the District or the District's agent in the District's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the District's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the District's name. At year end all of the District's investments were uncategorized as to risk.

Investments

The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered, or securities held by the District or the District's agent in the District's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the District's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the District's name.

At year-end, the only investments were certificates of deposit and investment trust funds.

Investments not subject to categorization:

Investment Trust Funds	\$ 73,287
Money Market Account	<u>291,188</u>
Investments per Statement of Net Assets	<u><u>\$ 364,475</u></u>

PICKFORD PUBLIC SCHOOLS  
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The District invests certain excess funds in the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of “qualified” investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports that as of June 30, 2007, the fair value of the District’s investments is the same as the value of the pool shares.

**B. Receivables**

Receivables as of year end for the government’s individual major fund, nonmajor funds and fiduciary funds are as follows:

	General	Debt Retirement Fund	Total
Receivables			
Taxes	\$ 4,642	\$ 4,744	\$ 9,386
Due From Other Governments	633,737	0	633,737
Total	<u>\$ 638,379</u>	<u>\$ 4,744</u>	<u>\$ 643,123</u>

**C. Capital Assets**

A summary of changes in the District’s capital assets follows:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Capital assets:				
Buildings and additions	\$ 4,665,639	\$ 0	\$ 0	\$ 4,665,639
Machinery and equipment	214,574	0	0	214,574
Transportation equipment	399,836	199,602	144,522	454,916
Subtotal	<u>\$ 5,280,049</u>	<u>\$ 199,602</u>	<u>\$ 144,522</u>	<u>\$ 5,335,129</u>
Less accumulated depreciation for:				
Buildings and additions	\$ 799,522	\$ 99,095	\$ 0	\$ 898,617
Machinery and equipment	50,004	35,655	0	85,659
Transportation equipment	363,289	16,843	(141,522)	238,610
Total accumulated depreciation	<u>(1,212,815)</u>	<u>(151,593)</u>	<u>(141,522)</u>	<u>(1,222,886)</u>
Net capital assets	<u>\$ 4,067,234</u>	<u>\$ 48,009</u>	<u>\$ 3,000</u>	<u>\$ 4,112,243</u>

Depreciation for the fiscal year ended June 30, 2007 amounted to \$151,593. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

**D. Long-Term Debt**

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of the Long-Term Debt transactions for the School District for the year ended June 30, 2007:

	BONDS PAYABLE	SCHOOL BOND LOAN FUND	ACCRUED EXPENSES	TOTAL
Long-Term Debt				
at July 1, 2006	\$3,850,000	\$ 501,593	\$ 105,826	\$4,457,419
New Debt Issued	200,000	0	0	200,000
Bonds Retired and Paid	(220,000)	(242,758)	(42,647)	(505,405)
Increase in				
Accrued Expenses	0	0	0	0
<b>LONG-TERM DEBT</b>				
AT JUNE 30, 2007	\$3,830,000	\$ 258,835	\$ 63,179	\$4,152,014
Due Within One Year	\$ 235,000	\$ 0	\$ 0	\$ 235,000

At June 30, 2007, the School District's long-term debt consisted of the following:

Bonds and Loans Payable

General Obligation Serial Bonds: \$3,885,000 2005 Refunding Bonds, Due in Annual Installments of \$185,000 to \$270,000 through May 1, 2022; Interest at 2.7507% to 4.125%	\$ 3,675,000
School Bus Bonds: \$200,000 2006 School Bus Bonds, Due in Annual Installments of \$50,000 to \$55,000 through May 1, 2010; Interest at 4.10%	155,000
School Bond Loan: \$466,175 Plus Accrued Interest of \$35,418 Interest at 2.625% to 4.625%	258,835
Accumulated Sick Leave of Employees	63,179
<b>TOTAL LONG-TERM DEBT</b>	<u><u>\$ 4,152,014</u></u>



PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

The annual requirements to amortize the serial bonds payable outstanding as of June 30, 2007, including interest payments of \$1,218,343, are as follows:

<u>YEAR ENDING</u> <u>JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2008	\$ 235,000	\$ 144,061	\$ 379,061
2009	255,000	136,923	391,923
2010	270,000	128,723	398,723
2011	220,000	119,482	339,482
2012	245,000	111,782	356,782
2013-2017	1,305,000	416,592	1,721,592
2018-2022	1,300,000	160,780	1,460,780
	<u>\$ 3,830,000</u>	<u>\$ 1,218,343</u>	<u>\$ 5,048,343</u>

During the past five years, the School borrowed from the State of Michigan's School Bond Loan Fund. The State of Michigan makes loans to school districts to assist the districts in the payment of debt service on their outstanding General Obligation Bonds. The loan is to be repaid whenever the School District's property tax levies, dedicated to service General Obligation Bonds, result in funds in excess of those requirements. The accrued interest on the loans is added to the loans by the State of Michigan. The above annual requirements do not include the school bond loan since the repayment schedule is unknown.

The annual requirements to amortize the accrued sick leave are uncertain because it is unknown when the employees will use the sick leave. Consequently, the above schedule of annual requirements does not include the sick leave.

**E. Short-Term Debt**

On August 3, 2006 the District issued a State Aid Note in the amount of \$600,000. The note matured on June 29, 2007 with interest at 4.27%. The District pledged its State Aid revenue for payment of this liability at maturity. The purpose of the note was to provide for cash flow needs at the beginning of the school year. Interest expense for the year was \$23,200. The balance at June 30, 2007 was \$0.

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

The following is a summary of the Short-Term Debt transactions for the School District for the year ended June 30, 2007:

Short-Term Debt at July 1, 2006	\$ 0
New Debt Issued	600,000
Debt Retired and Paid	(600,000)
Short-Term Debt at June 30, 2007	<u>\$ 0</u>

**F. Interfund Receivables, Payables, and Transfers**

Interfund Receivables and Payables as shown in the individual fund financial statements at June 30, 2006, were:

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 6,186	\$ 0
School Service Fund - Food Service Fund	0	4,047
Agency Fund	0	2,139
	<u>\$ 6,186</u>	<u>\$ 6,186</u>

All remaining balances generally resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances outstanding at June 30, 2007, are expected to be repaid within one year.

Interfund transfers as shown in the individual fund financial statements at June 30, 2007, were:

	TRANSFERS IN	TRANSFERS OUT
General Fund	\$ 199,602	\$ 82,778
School Service Fund - Food Service Fund	8,182	0
School Service Fund - Athletic Activities Fund	74,956	0
2006 Debt Retirement Fund	0	199,602
	<u>\$ 282,740</u>	<u>\$ 282,380</u>

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**G. Lease Information**

During the year the school leased office and classroom space and various pieces of equipment. The rent expense was \$62,337 for the year ending June 30, 2007. The leases are operating leases with no contingent lease payments. The equipment may be purchased at the end of the lease for fair market value.

On March 10, 2006 the school entered into a five-year lease for photocopiers. The future minimum lease payments for these leases are as follows:

	<u>AMOUNT</u>
2008	\$ 5,123
2009	5,123
2010	5,124
2011	<u>4,270</u>
	<u>\$ 19,640</u>

**H. Designated and Reserved Fund Balance**

The School has reserved or designated this fund balance as follows:

1. General Fund

The School's policy is to show fund balance of the Consolidated Community Schools as reserved for the Consolidated Community School's use.

2. Inventory and Prepaid Expenditures

Fund balances are reserved for inventories and prepaid expenditures to emphasize that these amounts are not appropriate for other purposes.

3. Food Service and Athletic Activities

The School's policy is to show fund balance of the Food Service Fund and Athletic Activities Fund as designated for those purposes.

4. Debt Service

The entire fund balances of the Debt Service Funds are reserved for debt service.

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

**NOTE 4 - OTHER INFORMATION**

**A. Employee Retirement System**

Plan Description. The District contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the nine member board of MPERS. The MPERS provides retirement benefits and postretirement benefits for health, dental and vision. The MPERS was established by Act 136 of 1945 and operates under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30171, Lansing, Michigan 48909 or by calling (517) 322-6000.

Funding Policy - Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Market rate interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves MPERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rate for the year ended June 30, 2007, was 16.34% for the period July, 2006 through September, 2006 and 17.74% for the period October, 2006 through June, 2007. The contribution requirements of plan members and the District are established and may be amended by the MPERS Board of Trustees. The District contributions to MPERS for the year ended June 30, 2007, 2006 and 2005 were \$458,931, \$448,317 and \$404,690 respectively, and were equal to the required contribution for those years.

The District is not responsible for the payment of retirement benefits which is the responsibility of the State of Michigan.

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Other Post Employment Benefits Funding Policy

Under the MPSERS Act, all retirees have the option of continuing health, dental and vision coverage.

**B. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2007 or any of the prior three years.

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS BUDGETARY BASIS
<u>REVENUES</u>			
Local Sources	\$ 683,200	\$ 769,429	\$ 741,530
State Sources	3,411,480	3,446,875	3,343,082
Federal Sources	1,384,911	1,658,884	1,557,804
Other Transactions	49,690	241,074	305,587
Total Revenues	5,529,281	6,116,262	5,948,003
<u>EXPENDITURES</u>			
Instruction			
Basic Programs	1,767,707	2,005,570	1,903,120
Added Needs	172,399	159,855	175,667
Adult/Continuing Education	804,882	810,253	772,134
Supporting Services			
Pupil	95,010	88,970	93,346
Instructional Staff	39,700	40,350	38,967
General Administration	209,550	209,600	201,302
School Administration	284,907	284,757	282,423
Business	606,300	57,000	49,525
Operation and Maintenance	0	359,350	343,675
Pupil Transportation Services	0	387,077	388,080
Community Services	1,355,523	1,702,744	1,564,110
Other Transactions	186,340	123,900	128,014
Total Expenditures	5,522,318	6,229,426	5,940,363
Excess (Deficiency) of Revenues Over Expenditures	6,963	(113,164)	7,640
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	0	199,602	199,602
Transfers Out	0	(72,640)	(82,778)
Total Other Financing Sources (Uses)	0	126,962	116,824
Net Change in Fund Balance	6,963	13,798	124,464
<u>FUND BALANCE</u> - Beginning of Year	651,455	474,372	474,342
<u>FUND BALANCE</u> - End of Year	\$ 658,418	\$ 488,170	\$ 598,806

PICKFORD PUBLIC SCHOOL  
PICKFORD , MICHIGAN  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2007

	<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT SERVICE FUNDS</u>		<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
	<u>FOOD SERVICE</u>	<u>ATHLETIC ACTIVITIES</u>	<u>2006 DEBT RETIREMENT FUND</u>		
<u>ASSETS</u>					
Cash	\$ 18,478	\$ 28,930	\$ 3,353	\$	50,761
Inventory	2,922	0	0		2,922
TOTAL ASSETS	<u>\$ 21,400</u>	<u>\$ 28,930</u>	<u>\$ 3,353</u>	<u>\$</u>	<u>53,683</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES</u>					
Salaries Payable	\$ 8,176	\$ 0	\$ 0	\$	8,176
Due to Other Funds	4,047	0	0		4,047
TOTAL LIABILITIES	<u>\$ 12,223</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$</u>	<u>12,223</u>
<u>FUND BALANCE</u>					
Reserved for Inventory	\$ 2,922	\$ 0	\$ 0	\$	2,922
Reserved for Debt Service	0	0	3,353		3,353
Unreserved					
Designated for Food Service	6,255	0	0		6,255
Designated for Athletic Activities	0	28,930	0		28,930
Total Fund Balances	<u>\$ 9,177</u>	<u>\$ 28,930</u>	<u>\$ 3,353</u>	<u>\$</u>	<u>41,460</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 21,400</u>	<u>\$ 28,930</u>	<u>\$ 3,353</u>	<u>\$</u>	<u>53,683</u>

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUND TYPES  
YEAR ENDED JUNE 30, 2007

	<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT SERVICE FUNDS</u>	<u>TOTAL</u>
	<u>FOOD</u>	<u>ATHLETIC</u>	<u>2006 DEBT</u>	<u>NONMAJOR</u>
	<u>SERVICE</u>	<u>ACTIVITIES</u>	<u>RETIREMENT</u>	<u>GOVERNMENTAL</u>
			<u>FUND</u>	<u>FUNDS</u>
<u>REVENUES</u>				
Local Sources	\$ 60,660	\$ 71,085	\$ 53,208	\$ 184,953
State Sources	12,757	0	0	12,757
Federal Sources	80,353	0	0	80,353
Total Revenues	<u>\$ 153,770</u>	<u>\$ 71,085</u>	<u>\$ 53,208</u>	<u>\$ 278,063</u>
<u>EXPENDITURES</u>				
Food Service Activities	\$ 152,775	\$ 0	\$ 0	\$ 152,775
Athletic Activities	0	130,914	0	130,914
Debt Service				
Principal	0	0	45,000	45,000
Interest	0	0	4,852	4,852
Other Transactions	0	0	401	401
Total Expenditures	<u>\$ 152,775</u>	<u>\$ 130,914</u>	<u>\$ 50,253</u>	<u>\$ 333,942</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 995</u>	<u>\$ (59,829)</u>	<u>\$ 2,955</u>	<u>\$ (55,879)</u>
<u>OTHER FINANCING SOURCES</u>				
Proceeds from Sale of Bonds	0	0	200,000	200,000
Transfers In	8,182	74,596	0	82,778
Transfers Out	0	0	(199,602)	(199,602)
Total Other Financing Sources	<u>8,182</u>	<u>74,596</u>	<u>398</u>	<u>83,176</u>
Net Change in Fund Balance	<u>\$ 9,177</u>	<u>\$ 14,767</u>	<u>\$ 3,353</u>	<u>\$ 27,297</u>
<u>FUND BALANCE</u> - Beginning of Year	<u>0</u>	<u>14,163</u>	<u>0</u>	<u>14,163</u>
<u>FUND BALANCE</u> - End of Year	<u><u>\$ 9,177</u></u>	<u><u>\$ 28,930</u></u>	<u><u>\$ 3,353</u></u>	<u><u>\$ 41,460</u></u>



PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

GENERAL FUND  
COMBINING BALANCE SHEET

JUNE 30, 2007  
WITH COMPARATIVE TOTALS FOR JUNE 30, 2006

	CONSOLIDATED COMMUNITY			TOTALS	
	GENERAL OPERATING ACCOUNT	SCHOOL SERVICES ACCOUNT	INTRA ACCOUNT ELIMINATIONS	2007	2006
<u>ASSETS</u>					
Cash	\$ 117,508	\$ 7,050	\$ 0	\$ 124,558	\$ 31,036
Taxes Receivable	4,642	0	0	4,642	5,619
Due from Other Governments	589,383	233,944	(189,590)	633,737	766,559
Due from Other Funds	6,186	0	0	6,186	0
Prepaid Expenditures	41,647	675		42,322	0
Investments	1,642	291,188	0	292,830	134,093
 TOTAL ASSETS	 \$ 761,008	 \$ 532,857	 \$ (189,590)	 \$ 1,104,275	 \$ 937,307
<u>LIABILITIES AND FUND BALANCE</u>					
<u>LIABILITIES</u>					
Accounts Payable	\$ 333,774	\$ 25,239	\$ (189,590)	169,423	\$ 133,743
Accrued Expenses	0	9,923	0	9,923	8,362
Salaries Payable	277,633	48,490	0	326,123	314,346
Deferred Revenues	0	0	0	0	2,744
Due to Other Funds	0	0	0	0	3,770
 TOTAL LIABILITIES	 \$ 611,407	 \$ 83,652	 \$ (189,590)	 \$ 505,469	 \$ 462,965
<u>FUND BALANCE</u>					
Reserved for:					
Consolidated Community Schools	\$ 0	\$ 448,530	\$ 0	\$ 448,530	\$ 452,660
Prepaid Expenses	41,647	675	0	42,322	0
Unreserved					
Undesignated	107,954	0	0	107,954	21,682
 Total Fund Balance	 \$ 149,601	 \$ 449,205	 \$ 0	 \$ 598,806	 \$ 474,342
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 761,008	 \$ 532,857	 \$ (189,590)	 \$ 1,104,275	 \$ 937,307

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

GENERAL FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2006

	CONSOLIDATED COMMUNITY			TOTALS	
	GENERAL OPERATING ACCOUNT	SCHOOL SERVICES ACCOUNT	INTRA ACCOUNT ELIMINATIONS	2007	2006
<b><u>REVENUES</u></b>					
Local Sources	\$ 502,750	\$ 240,780	\$ (2,000)	\$ 741,530	\$ 669,395
State Sources	2,743,254	599,828	0	3,343,082	3,185,075
Federal Sources	85,346	1,461,146	0	1,546,492	1,675,234
Other Transactions	61,290	255,609	0	316,899	196,054
Total Revenues	\$ 3,392,640	\$ 2,557,363	\$ (2,000)	\$ 5,948,003	\$ 5,725,758
<b><u>EXPENDITURES</u></b>					
Instruction					
Basic Programs					
Elementary School	\$ 1,030,764	\$ 0	\$ 0	\$ 1,030,764	\$ 1,054,778
High School	649,782	0	0	649,782	698,365
Pre-School	0	222,574	0	222,574	238,554
Added Needs					
Special Education	65,632	0	0	65,632	60,108
Compensatory Education	109,003	0	0	109,003	132,774
Career and Technical Education	1,032	0		1,032	0
Other Added Needs -					
Gifted and Talented	0	0	0	0	1,266
Adult/ Continuing Education					
Adult and Alternative Education	0	767,238	0	767,238	687,504
Adult Education - Enrichment	0	4,896	0	4,896	7,772
Supporting Services					
Pupil					
Guidance Services	46,704	0	0	46,704	42,282
Health Services	24,957	0	0	24,957	24,627
Other Pupil Services	21,685	0	0	21,685	21,664
Instructional Staff					
Educational Media Services	38,967	0	0	38,967	39,670
Audio Visual	0	0	0	0	1,181

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

GENERAL FUND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2007

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2006

	CONSOLIDATED COMMUNITY			TOTALS	
	GENERAL OPERATING ACCOUNT	SCHOOL SERVICES ACCOUNT	INTRA ACCOUNT ELIMINATIONS	2007	2006
General Administration					
Board of Education	27,637	0	0	27,637	22,182
Executive Administration	173,665	0	0	173,665	189,293
School Administration					
Office of the Principal	282,423	0	0	282,423	270,285
Business					
Other Business Services	49,525	0	0	49,525	43,953
Operation and Maintenance of Plant	343,675	0	0	343,675	345,216
Pupil Transportation Services	388,080	0	0	388,080	193,938
Community Services					
Community Services- Direction	0	178,372	(2,000)	176,372	279,096
Community Recreation	0	51,638	0	51,638	56,797
Other Community Services	0	1,336,100	0	1,336,100	1,332,752
Other Transactions					
Transfers to Other School Districts	128,014	0	0	128,014	100,162
Total Expenditures	\$ 3,381,545	\$ 2,560,818	\$ (2,000)	\$ 5,940,363	\$ 5,844,219
Excess (Deficiency) of Revenues Over Expenditures	\$ 11,095	\$ (3,455)	\$ 0	\$ 7,640	\$ (118,461)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers In	\$ 199,602	\$ 0	\$ 0	\$ 199,602	\$ 0
Transfers Out	(82,778)	0	0	(82,778)	(82,550)
Total Other Financing Sources (Uses)	116,824	0	0	116,824	(82,550)
Net Change in Fund Balance	\$ 127,919	\$ (3,455)	\$ 0	\$ 124,464	\$ (201,011)
<u>FUND BALANCE</u> - Beginning of Year	21,682	452,660	0	474,342	675,353
<u>FUND BALANCE</u> - End of Year	\$ 149,601	\$ 449,205	\$ 0	\$ 598,806	\$ 474,342

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 117,508	\$ (25,716)
Taxes Receivable	4,642	5,619
Due from Other Governments	589,383	601,593
Due from Other Funds	6,186	0
Prepaid Expenditures	41,647	0
Investments	1,642	4,395
	<hr/>	<hr/>
TOTAL ASSETS	\$ 761,008	\$ 585,891
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 333,774	\$ 286,730
Salaries Payable	277,633	273,709
Due to Other Funds	0	3,770
	<hr/>	<hr/>
Total Liabilities	\$ 611,407	\$ 564,209
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for Prepaid Expenses	\$ 41,647	\$ 0
Unreserved		
Undesignated	107,954	21,682
	<hr/>	<hr/>
Total Fund Balance	149,601	21,682
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 761,008	\$ 585,891
	<hr/> <hr/>	<hr/> <hr/>

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE ACUTAL AMOUNTS FOR JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources	\$ 500,900	\$ 502,750	\$ 446,853
State Sources	2,711,195	2,743,254	2,635,400
Federal Sources	83,893	85,346	146,428
Other Transactions	50,932	61,290	1,055
Total Revenues	<u>\$ 3,346,920</u>	<u>\$ 3,392,640</u>	<u>\$ 3,229,736</u>
<u>EXPENDITURES</u>			
Instruction			
Basic Programs			
Elementary School	\$ 1,125,550	\$ 1,030,764	\$ 1,054,778
High School	623,675	649,782	698,365
Added Needs			
Special Education	71,440	65,632	60,108
Compensatory Education - Title I	38,115	37,930	67,097
Compensatory Education - At Risk	50,300	49,361	65,677
Compensatory Education - Title II	0	21,712	0
Career and Technical Education - Title V	0	1,032	0
Other Added Needs - Gifted and Talented	0	0	1,266
Supporting Services			
Pupil			
Guidance Services	46,535	46,704	42,282
Health Services	25,835	24,957	24,627
Other Pupil Services	16,600	21,685	21,664
Instructional Staff			
Educational Media Services	39,250	38,967	39,670
Audiovisual	1,100	0	1,181
General Administration			
Board of Education	26,800	27,637	22,182
Executive Administration	182,800	173,665	189,293

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE ACUTAL AMOUNTS FOR JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
School Administration			
Office of the Principal - Elementary	154,607	153,573	145,893
Office of the Principal - Secondary	130,150	128,850	124,392
Business			
Other Business Services	57,000	49,525	43,953
Operation and Maintenance of Plant	359,350	343,675	345,216
Pupil Transportation Services	387,077	388,080	193,938
Other Transactions			
Transfers to Other School Districts	123,900	128,014	100,162
Total Expenditures	<u>\$ 3,460,084</u>	<u>\$ 3,381,545</u>	<u>\$ 3,241,744</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (113,164)</u>	<u>\$ 11,095</u>	<u>\$ (12,008)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In (Out)			
2006 Debt Retirement	\$ 199,602	\$ 199,602	\$ 0
School Service Fund - Food Service	(840)	(8,182)	(10,892)
School Service Fund - Athletic Activities	(71,800)	(74,596)	(71,658)
Total Other Financing Sources (Uses)	<u>\$ 126,962</u>	<u>\$ 116,824</u>	<u>\$ (82,550)</u>
Net Change in Fund Balance	<u>\$ 13,798</u>	<u>\$ 127,919</u>	<u>\$ (94,558)</u>
<u>FUND BALANCE</u> - Beginning of Year	<u>922</u>	<u>21,682</u>	<u>116,240</u>
<u>FUND BALANCE</u> - End of Year	<u><u>\$ 14,720</u></u>	<u><u>\$ 149,601</u></u>	<u><u>\$ 21,682</u></u>

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT

ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>LOCAL SOURCES</u>			
Property Taxes			
Current Year Tax Roll	\$ 451,000	\$ 457,226	\$ 414,583
Prior Years Tax Rolls	1,400	0	659
Penalties and Interest on Delinquent Taxes	500	0	0
Tuition	9,200	9,935	6,050
Earnings on Investments and Deposits	11,800	13,995	9,521
Other Local Revenues			
Community School - Fiscal Agent Fee	2,000	2,000	2,000
Miscellaneous	25,000	19,594	14,040
Total Local Sources	<u>\$ 500,900</u>	<u>\$ 502,750</u>	<u>\$ 446,853</u>
<u>STATE SOURCES</u>			
Grants-In-Aid Unrestricted			
State School Aid			
Foundation Allowance	\$ 2,649,000	\$ 2,693,971	\$ 2,546,758
Grants-In-Aid Restricted			
State School Aid			
At Risk	49,295	49,283	65,415
Special Education	6,500	0	20,967
SPSR Grant	0	0	2,260
Middle School Math	5,800	0	0
Payments in Lieu of Taxes			
Commercial Forest/ Swamp Tax	600	0	0
Total State Sources	<u>\$ 2,711,195</u>	<u>\$ 2,743,254</u>	<u>\$ 2,635,400</u>
<u>FEDERAL SOURCES</u>			
Grants-In-Aid Restricted			
Received Through State			
Title I	\$ 36,435	\$ 37,512	\$ 53,396
Title IID - Technology	450	499	0
Title V	1,032	1,032	2,171
Technology Literacy Challenge Grant	0	0	996

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT  
ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006

	2007		2006
	BUDGET	ACTUAL	ACTUAL
Class Size Reduction	21,200	21,200	21,461
R.E.A.P Grant	0	0	30,611
Received Through Another Agency			
National Forest	3,800	4,127	3,893
Received From Other School Districts			
Freedom To Learn	0	0	2,000
Title VI	20,976	20,976	31,900
Total Federal Sources	<u>\$ 83,893</u>	<u>\$ 85,346</u>	<u>\$ 146,428</u>

OTHER TRANSACTIONS

Transfers from Other School Districts			
Interactive TV	\$ 6,500	\$ 6,925	\$ 0
ISD Reimbursements	0	1,433	1,055
Sale of Fixed Assets	44,432	52,932	0
	<u>\$ 50,932</u>	<u>\$ 61,290</u>	<u>\$ 1,055</u>

TOTAL REVENUES	\$ 3,346,920	\$ 3,392,640	\$ 3,229,736
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OTHER FINANCING SOURCES

Transfers In			
2006 Debt Retirement Fund	199,602	199,602	0

TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 3,546,522</u>	<u>\$ 3,592,242</u>	<u>\$ 3,229,736</u>
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PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT  
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2006

<u>INSTRUCTION</u>	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>Basic Programs</u>			
<u>Elementary</u>			
Salaries			
Teachers	\$ 600,000	\$ 564,673	\$ 524,550
Aides	15,000	15,355	46,690
Substitutes	17,000	16,733	38,884
Recess and Noon Supervisor	5,500	5,521	6,713
Severance and Longevity Pay	27,000	26,230	12,355
Employee Benefits			
Health Insurance	242,000	195,881	229,763
Retirement	120,000	107,868	103,792
FICA	52,000	48,230	48,097
Workmen's Compensation	1,900	663	911
Unemployment Compensation	1,000	594	0
Cash-In-Lieu	0	3,600	0
Purchased Services			
Purchased Services	7,700	7,720	4,480
Travel and Expense	750	653	0
Workshops and Conferences	600	598	438
Rent of Equipment	1,000	650	330
Supplies and Materials			
Teaching Supplies	12,000	10,898	26,505
Textbooks	15,500	15,090	4,347
Other Supplies and Materials	5,100	5,399	6,711
Capital Outlay			
Furniture and Equipment	1,000	4,172	0
Other Expense			
Miscellaneous	500	236	212
Total Elementary	<u>\$ 1,125,550</u>	<u>\$ 1,030,764</u>	<u>\$ 1,054,778</u>
<u>High School</u>			
Salaries			
Teachers	\$ 340,000	\$ 365,993	\$ 399,376
Teachers- Drivers Education	8,000	7,258	4,500

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT  
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Substitutes	8,400	8,681	14,794
Severance and Longevity Pay	15,800	15,722	5,991
Employee Benefits			
Health Insurance	123,000	126,228	127,080
Retirement	62,000	66,172	67,352
FICA	28,000	29,837	32,183
Workmen's Compensation	1,500	419	616
Unemployment Compensation	1,500	19	0
Purchased Services			
Travel and Expense	2,900	2,816	1,129
Workshops and Conferences	1,100	1,009	908
Repairs - Equipment	1,000	(938)	973
Rent of Equipment	1,400	1,301	330
Other Purchased Services	5,300	5,220	3,815
Supplies and Materials			
Teaching Supplies	8,000	9,142	16,143
Teaching Supplies - Driver Education	350	2,218	17
Textbooks	3,675	3,675	8,123
Other Supplies and Materials	2,550	2,546	8,128
Supplies - Title IID	0	0	996
Supplies - Title V	0	0	2,172
Supplies - Freedom to Learn	0	0	2,000
Supplies - Title VI	3,900	0	0
Capital Outlay			
Furniture and Equipment	4,000	0	0
Other Expense			
Drug Education Expenses	0	0	309
Driver Education Expenses	500	1,137	961
Miscellaneous	800	1,327	469
Total High School	<u>\$ 623,675</u>	<u>\$ 649,782</u>	<u>\$ 698,365</u>

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT  
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>Added Needs</u>			
<u>Special Education</u>			
Salaries			
Teachers	\$ 41,000	\$ 22,746	\$ 19,774
Substitutes	500	656	78
Flowthrough	0	12,740	0
Severance and Longevity Pay	2,000	0	0
IDEA - SPSR Expense	0	0	2,260
Employee Benefits			
Health Insurance	16,700	13,555	1,075
Health Insurance - Flowthrough	0	5,335	0
Retirement	7,300	4,356	2,677
Retirement - Flowthrough	0	2,017	0
FICA	3,200	1,881	1,518
FICA - Flowthrough	0	884	0
Workmen's Compensation	140	38	29
Purchased Services			
Travel and Expense	100	0	0
Workshops and Conferences	100	0	0
Supplies and Materials			
Teaching Supplies	400	900	797
Other Expense			
Flowthrough Expenses	0	524	31,900
Total Special Education	<u>\$ 71,440</u>	<u>\$ 65,632</u>	<u>\$ 60,108</u>

Compensatory Education - Title I

Salaries			
Teachers	\$ 0	\$ 0	\$ 34,922
Aides	16,700	16,638	2,033
Severance and Longevity Pay	150	139	689
Employee Benefits			
Health Insurance	16,520	16,520	15,720
Retirement	2,960	2,959	9,124
FICA	1,285	1,256	4,153
Workmen's Compensation	100	18	55

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT  
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Purchased Services			
Audit	400	400	400
Supplies and Materials			
Teaching Supplies	0	0	1
Total Compensatory Education - Title I	<u>\$ 38,115</u>	<u>\$ 37,930</u>	<u>\$ 67,097</u>
<u>Compensatory Education - At Risk</u>			
Salaries			
Teachers	\$ 28,000	\$ 27,908	\$ 28,479
Classroom Aides	0	0	11,813
Employee Benefits			
Health Insurance	15,000	14,368	15,981
Retirement	5,000	4,921	2,460
FICA	2,200	2,135	1,661
Workmen's Compensation	100	29	58
Purchased Services			
Travel and Expense	0	0	4,612
Supplies and Materials			
Teaching Supplies	0	0	613
Total Compensatory Education - At Risk	<u>\$ 50,300</u>	<u>\$ 49,361</u>	<u>\$ 65,677</u>
<u>Compensatory Education - Title IID</u>			
Salaries			
Teachers	\$ 0	\$ 13,241	\$ 0
Employee Benefits			
Health Insurance	0	6,224	0
Retirement	0	821	0
FICA	0	914	0
Workmen's Compensation	0	13	0
Supplies and Materials			
Title IID Technology	0	499	0
Total Compensatory Education - Title IID	<u>\$ 0</u>	<u>\$ 21,712</u>	<u>\$ 0</u>

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT  
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>Career and Technical Education - Title V</u>			
Supplies and Materials			
Title V Innovative Technology	\$ 0	\$ 1,032	\$ 0
<u>Other Added Needs - Gifted and Talented</u>			
Purchased Services			
Travel and Expense	\$ 0	\$ 0	\$ 961
Supplies and Materials			
Other Supplies and Materials	0	0	5
Other Expense			
Dues and Fees	0	0	300
Total Gifted and Talented	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,266</u>

SUPPORTING SERVICES

Pupil

Guidance Services

Salaries

Counseling	\$ 35,450	\$ 35,609	\$ 33,387
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Employee Benefits

Health Insurance	1,850	1,671	0
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Retirement	6,300	6,279	5,418
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FICA	2,800	2,706	2,531
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Workmen's Compensation	100	38	48
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Purchased Services

Travel and Expense	35	32	0
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Supplies and Materials

Other Supplies and Materials	0	369	898
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Total Guidance Services	<u>\$ 46,535</u>	<u>\$ 46,704</u>	<u>\$ 42,282</u>
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Health Services

Salaries

Nursing	\$ 10,200	\$ 9,958	\$ 9,963
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Severance and Longevity Pay	250	208	208
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PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT  
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Employee Benefits			
Health Insurance	10,700	10,705	10,539
Retirement	1,850	1,793	1,651
FICA	800	778	778
Workmen's Compensation	35	11	15
Purchased Services			
Other Professional and Technical Services	1,000	990	1,486
Workshops and Conferences	0	51	0
Supplies and Materials			
Other Supplies and Materials	500	463	(13)
Capital Outlay			
Furniture and Equipment	500	0	0
Total Health Services	<u>\$ 25,835</u>	<u>\$ 24,957</u>	<u>\$ 24,627</u>
<u>Other Pupil Services</u>			
Salaries			
Class and Organizational Advisor	\$ 12,500	\$ 17,357	\$ 16,801
Employee Benefits			
Health Insurance	0	0	816
Retirement	2,800	2,983	2,739
FICA	1,300	1,327	1,284
Workmen's Compensation	0	18	24
Total Other Pupil Services	<u>\$ 16,600</u>	<u>\$ 21,685</u>	<u>\$ 21,664</u>
<u>Instructional Staff</u>			
<u>Educational Media Services</u>			
Salaries			
Aides	\$ 14,700	\$ 14,222	\$ 14,400
Severance and Longevity Pay	500	486	486
Employee Benefits			
Health Insurance	16,500	16,470	16,259
Retirement	2,650	2,594	2,416
FICA	1,150	1,101	1,108
Workmen's Compensation	0	15	22

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT  
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Purchased Services			
Other Purchased Services	0	864	0
Supplies and Materials			
Library Books	2,750	2,742	4,158
Periodicals	250	236	524
Other Supplies and Materials	250	237	297
Capital Outlay			
Furniture and Equipment	500	0	0
Total Educational Media Services	<u>\$ 39,250</u>	<u>\$ 38,967</u>	<u>\$ 39,670</u>
 <u>Other Instructional Staff Services</u>			
Purchased Services			
Other Purchased Services	\$ 800	\$ 0	\$ 996
Supplies and Materials			
Miscellaneous Supplies	300	0	185
Total Other Instructional Staff Services	<u>\$ 1,100</u>	<u>\$ 0</u>	<u>\$ 1,181</u>
 <u>General Administration</u>			
<u>Board of Education</u>			
Salaries			
Board Members	\$ 1,400	\$ 1,570	\$ 1,620
Purchased Services			
Legal Services	7,100	6,644	1,507
Audit Services	8,000	7,950	7,945
Travel and Expense	800	0	0
Workshops and Conferences	300	0	0
Elections	3,000	3,300	4,012
Supplies and Materials			
Other Supplies and Materials	400	116	64
Other Expense			
Dues and Fees	1,800	1,716	1,722
Miscellaneous	4,000	6,341	5,312
Total Board of Education	<u>\$ 26,800</u>	<u>\$ 27,637</u>	<u>\$ 22,182</u>

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT  
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>Executive Administration</u>			
Salaries			
Superintendent	\$ 64,700	\$ 64,996	\$ 62,729
Secretarial - Clerical	43,500	41,925	54,715
Severance and Longevity Pay	1,500	0	2,557
Employee Benefits			
Health Insurance	19,000	14,329	22,702
Retirement	19,000	18,413	17,632
FICA	8,200	8,330	9,148
Workmen's Compensation	300	164	271
Cash-In-Lieu	0	2,500	0
Purchased Services			
Travel and Expense	900	1,237	855
Workshops and Conferences	200	39	260
Postage and Mailing	3,800	3,441	2,585
Repairs and Maintenance	300	0	0
Drug Free Zone Advertising	0	406	0
Other Purchased Services	13,400	13,357	9,580
Supplies and Materials			
Other Supplies and Materials	3,500	2,510	4,174
Capital Outlay			
Furniture and Equipment	1,000	0	0
Other Expense			
Dues and Fees	1,000	929	978
Miscellaneous	2,500	1,089	1,107
Total Executive Administration	<u>\$ 182,800</u>	<u>\$ 173,665</u>	<u>\$ 189,293</u>

School Administration

Office of the Principal - Elementary

Salaries			
School Direction and Management	\$ 67,857	\$ 68,185	\$ 65,610
Secretarial-Clerical	20,200	20,255	19,585
Severance and Longevity Pay	500	486	486
Employee Benefits			
Health Insurance	34,000	32,886	32,304



PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT  
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Retirement	15,600	15,497	13,859
FICA	6,750	6,750	6,557
Workmen's Compensation	250	119	157
Purchased Services			
Travel and Expense	250	186	461
Workshops and Conferences	200	97	246
Rent of Equipment	2,600	1,951	330
Other Purchased Services	0	1,288	2,078
Supplies and Materials			
Other Supplies and Materials	4,800	5,169	3,705
Capital Outlay			
Furniture and Equipment	500	0	0
Other Expenses			
Dues and Fees	600	535	515
Miscellaneous	500	169	0
Total Office of the Principal - Elementary	<u>\$ 154,607</u>	<u>\$ 153,573</u>	<u>\$ 145,893</u>

School Administration

Office of the Principal - Secondary

Salaries			
School Direction and Management	\$ 64,250	\$ 64,562	\$ 62,379
Secretarial-Clerical	16,500	15,988	16,907
Secretarial-Clerical Overtime	600	438	0
Severance and Longevity Pay	900	880	0
Employee Benefits			
Health Insurance	19,600	17,350	17,697
Retirement	14,400	14,105	12,495
FICA	6,200	6,333	6,037
Workmen's Compensation	250	108	144
Cash-In-Lieu	0	1,200	0
Purchased Services			
Travel and Expense	250	175	759
Workshops and Conferences	400	372	398
Repairs and Maintenance	0	0	0
Rent of Equipment	1,400	1,301	330

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT  
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Other Purchased Services	700	1,288	2,198
Supplies and Materials			
Other Supplies and Materials	3,100	4,114	4,498
Capital Outlay			
Furniture and Equipment	500	0	0
Other Expenses			
Dues and Fees	600	585	550
Miscellaneous	500	51	0
Total Office of the Principal - Secondary	<u>\$ 130,150</u>	<u>\$ 128,850</u>	<u>\$ 124,392</u>

Business

Other Business Services

Purchased Services			
Building, Contents and Liability Insurance	\$ 20,000	\$ 19,722	\$ 21,300
Errors and Omission Insurance	4,100	4,006	4,217
Boiler Insurance	1,300	1,284	1,352
Catastrophic Insurance	900	813	904
Other Expenses			
Interest On Debt	23,300	23,200	14,648
Taxes Abated and Written-Off	7,400	500	1,532
Total Other Business Services	<u>\$ 57,000</u>	<u>\$ 49,525</u>	<u>\$ 43,953</u>

Operation and Maintenance of Plant

Salaries			
Custodians	\$ 101,000	\$ 93,217	\$ 98,944
Custodians - Overtime	7,500	6,656	2,344
Severance and Longevity Pay	1,000	833	1,713
Employee Benefits			
Health Insurance	50,000	49,361	48,978
Retirement	18,000	17,522	15,763
FICA	9,000	7,614	7,785
Unemployment Compensation	0	83	108
Workmen's Compensation	3,500	1,614	2,302
Purchased Services			
Travel and Expense	450	405	696

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT  
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Communications	8,000	7,104	5,273
Utility Services			
Heating Fuel	43,000	42,783	43,759
Electricity	42,000	41,635	39,862
Waste and Trash Disposal	9,000	7,106	12,045
Repairs and Maintenance Services			
Buildings and Grounds	25,000	24,489	12,106
Equipment	1,500	1,702	1,071
Other Purchased Services	18,000	20,398	25,893
Supplies and Materials			
Custodial and Maintenance Supplies	20,500	21,098	25,993
Capital Outlay			
Athletic Complex	100	55	200
Furniture and Equipment	1,500	0	381
Other Expenses			
Miscellaneous	300	0	0
Total Operation and Maintenance of Plant	<u>\$ 359,350</u>	<u>\$ 343,675</u>	<u>\$ 345,216</u>
<u>Pupil Transportation Services</u>			
Salaries			
Supervision - Management	\$ 3,400	\$ 3,318	\$ 3,132
Vehicle Operation			
Bus Drivers - Regular Runs	37,000	32,622	34,136
Bus Drivers - Special Education	3,400	3,364	2,141
Driver Mileage	7,700	7,685	6,927
Substitute Bus Drivers	3,600	3,535	2,428
Bus Drivers Extra Trips	9,400	9,292	7,075
Secretarial - Clerical	0	4,523	5,373
Aide - Special Education	200	0	0
Severance and Longevity Pay	650	625	1,244
Employee Benefits			
Health Insurance	34,000	39,865	31,860
Retirement	10,000	9,768	9,313
FICA	4,800	4,442	4,264
Workmen's Compensation	3,700	849	1,019

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT  
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Unemployment	0	186	0
Cash-In-Lieu	0	600	0
Purchased Services			
Pupil Transportation	1,900	1,847	2,147
Communication	2,900	3,289	3,633
Insurance	4,100	4,082	4,263
Repairs and Maintenance	11,000	8,944	16,311
Travel and Expense	350	1,977	1,916
Drivers Physicals	500	561	300
Workshops and Conference	550	694	274
Other Purchased Services	6,500	6,094	7,087
Supplies and Materials			
Gasoline			
Regular Transportation	23,000	24,548	31,690
Extra Trips	5,500	5,300	0
Oil and Grease	900	861	1,159
Tires	1,500	275	508
Tubes	0	0	258
Batteries	250	206	0
Vehicle Repair Parts	8,500	7,733	12,974
Garage Supplies	1,500	683	1,617
Capital Outlay			
Transportation Equipment	199,602	199,602	0
Other Expenses			
Miscellaneous	675	710	889
Total Pupil Transportation Services	<u>\$ 387,077</u>	<u>\$ 388,080</u>	<u>\$ 193,938</u>

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

GENERAL OPERATING ACCOUNT  
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>OTHER TRANSACTIONS</u>			
<u>Transfers to Other School Districts</u>			
Tuition	\$ 39,000	\$ 39,581	\$ 18,486
Transportation	13,000	16,984	14,016
Interactive TV	21,000	20,669	21,784
Dual Enrollment	2,200	2,125	0
Special Education - Chargebacks	48,700	48,655	45,876
Total Other Transactions	<u>\$ 123,900</u>	<u>\$ 128,014</u>	<u>\$ 100,162</u>
 Total Expenditures	 <u>\$ 3,460,084</u>	 <u>\$ 3,381,545</u>	 <u>\$ 3,241,744</u>
<u>OTHER FINANCING USES</u>			
Transfers Out			
School Service Funds			
Food Service	\$ 840	\$ 8,182	\$ 10,892
Athletic Activities	71,800	74,596	71,658
Total Other Financing Uses	<u>\$ 72,640</u>	<u>\$ 82,778</u>	<u>\$ 82,550</u>
 TOTAL EXPENDITURES AND OTHER FINANCING USES	 <u><u>\$ 3,532,724</u></u>	 <u><u>\$ 3,464,323</u></u>	 <u><u>\$ 3,324,294</u></u>

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

CONSOLIDATED COMMUNITY SCHOOL SERVICES ACCOUNT

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 7,050	\$ 56,752
Due from Other Governments	233,944	342,569
Prepaid Expenditures	675	0
Investments	291,188	129,698
	<hr/>	<hr/>
TOTAL ASSETS	\$ 532,857	\$ 529,019
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 25,239	\$ 24,616
Accrued Expenses	9,923	8,362
Salaries Payable	48,490	40,637
Deferred Revenue	0	2,744
	<hr/>	<hr/>
Total Liabilities	\$ 83,652	\$ 76,359
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for Prepaid Expenses	\$ 675	\$ 0
Reserved for Consolidated Community Schools	448,530	452,660
	<hr/>	<hr/>
Total Fund Balance	449,205	452,660
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 532,857	\$ 529,019
	<hr/>	<hr/>

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

CONSOLIDATED COMMUNITY SCHOOL SERVICES ACCOUNT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE ACTUAL TOTALS FOR JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources	\$ 268,529	\$ 240,780	\$ 224,542
State Sources	735,680	599,828	549,675
Federal Sources	1,574,991	1,461,146	1,528,806
Other Transactions	190,142	255,609	194,999
Total Revenues	<u>\$ 2,769,342</u>	<u>\$ 2,557,363</u>	<u>\$ 2,498,022</u>
<u>EXPENDITURES</u>			
Instruction			
Basic Programs			
Pre-School	\$ 256,345	\$ 222,574	\$ 238,554
Adult/ Continuing Education			
Adult and Alternative Education	800,253	767,238	687,504
Adult Education - Enrichment	10,000	4,896	7,772
Community Service			
Community Services - Direction	187,250	178,372	281,096
Community Recreation	69,975	51,638	56,797
Other Community Services	1,445,519	1,336,100	1,332,752
Total Expenditures	<u>\$ 2,769,342</u>	<u>\$ 2,560,818</u>	<u>\$ 2,604,475</u>
Net Change in Fund Balance	\$ 0	\$ (3,455)	\$ (106,453)
<u>FUND BALANCE</u> - Beginning of Year	<u>452,660</u>	<u>452,660</u>	<u>559,113</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 452,660</u>	<u>\$ 449,205</u>	<u>\$ 452,660</u>

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

SPECIAL REVENUE (SCHOOL SERVICE) FUNDS  
COMBINING BALANCE SHEET

JUNE 30, 2007  
WITH COMPARATIVE TOTALS FOR JUNE 30, 2006

	FOOD SERVICE	ATHLETIC ACTIVITIES	TOTALS	
			2007	2006
<u>ASSETS</u>				
Cash	\$ 18,478	\$ 28,930	\$ 47,408	\$ 17,274
Inventory	2,922	0	2,922	2,297
Due from Other Funds	0	0	0	2,774
TOTAL ASSETS	\$ 21,400	\$ 28,930	\$ 50,330	\$ 22,345
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Salaries Payable	\$ 8,176	\$ 0	\$ 8,176	\$ 8,182
Due to Other Funds	4,047	0	4,047	0
TOTAL LIABILITIES	\$ 12,223	\$ 0	\$ 12,223	\$ 8,182
<u>FUND BALANCE</u>				
Reserved for Inventory	\$ 2,922	\$ 0	\$ 2,922	\$ 0
Unreserved				
Designated for:				
Athletic Activities	0	28,930	28,930	14,163
Food Service	6,255	0	6,255	0
TOTAL FUND BALANCE	\$ 9,177	\$ 28,930	\$ 38,107	\$ 14,163
TOTAL LIABILITIES AND FUND BALANCE	\$ 21,400	\$ 28,930	\$ 50,330	\$ 22,345



PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

SPECIAL REVENUE (SCHOOL SERVICE) FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2006

	FOOD SERVICE	ATHLETIC ACTIVITIES	TOTALS	
			2007	2006
<u>REVENUES</u>				
Local Sources	\$ 60,660	\$ 71,085	\$ 131,745	\$ 110,223
State Sources	12,757	0	12,757	12,353
Federal Sources	80,353	0	80,353	70,921
Total Revenues	<u>\$ 153,770</u>	<u>\$ 71,085</u>	<u>\$ 224,855</u>	<u>\$ 193,497</u>
<u>EXPENDITURES</u>				
Salaries	\$ 48,044	\$ 57,386	\$ 105,430	\$ 102,109
Employee Benefits	41,382	15,471	56,853	62,179
Purchased Services	66	17,837	17,903	21,454
Supplies and Materials	61,803	20,120	81,923	74,784
Other Expenses	1,480	20,100	21,580	13,772
Total Expenditures	<u>\$ 152,775</u>	<u>\$ 130,914</u>	<u>\$ 283,689</u>	<u>\$ 274,298</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 995	\$ (59,829)	\$ (58,834)	\$ (80,801)
<u>OTHER FINANCING SOURCES</u>				
Transfers In	8,182	74,596	82,778	82,550
Net Change in Fund Balance	\$ 9,177	\$ 14,767	\$ 23,944	\$ 1,749
<u>FUND BALANCE - Beginning of Year</u>	<u>0</u>	<u>14,163</u>	<u>14,163</u>	<u>12,414</u>
<u>FUND BALANCE - End of Year</u>	<u>\$ 9,177</u>	<u>\$ 28,930</u>	<u>\$ 38,107</u>	<u>\$ 14,163</u>

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

SCHOOL SERVICE FUND - FOOD SERVICE

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 18,478	\$ 3,111
Inventory	2,922	2,297
Due from Other Funds	0	2,774
	<hr/>	<hr/>
TOTAL ASSETS	\$ 21,400	\$ 8,182
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Salaries Payable	\$ 8,176	\$ 8,182
Due to Other Funds	4,047	0
	<hr/>	<hr/>
TOTAL LIABILITIES	\$ 12,223	\$ 8,182
	<hr/> <hr/>	<hr/> <hr/>
<u>FUND BALANCE</u>		
Reserved for Inventory	\$ 2,922	\$ 0
Unreserved		
Designated for Food Service	6,255	0
	<hr/>	<hr/>
Total Fund Balances	\$ 9,177	\$ 0
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 21,400	\$ 8,182
	<hr/> <hr/>	<hr/> <hr/>

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

SCHOOL SERVICE FUND - FOOD SERVICE  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Food Sales	\$ 61,000	\$ 60,362	\$ 60,536
Miscellaneous	0	298	124
State Sources			
State Aid	11,600	12,757	12,353
Federal Sources			
Federal Aid	60,500	69,568	60,494
U.S.D.A. Donated Commodities	13,000	10,785	10,427
Total Revenues	<u>\$ 146,100</u>	<u>\$ 153,770</u>	<u>\$ 143,934</u>
<u>EXPENDITURES</u>			
Salaries			
Cooks and Assistants	\$ 47,200	\$ 48,044	\$ 45,915
Employee Benefits			
Health and Life Insurance	38,000	29,039	37,109
Retirement	7,500	7,942	7,444
FICA	3,600	3,631	3,458
Workmen's Compensation	1,000	770	1,026
Purchased Services			
Repairs	500	66	2,978
Supplies and Materials			
Food Purchases	34,000	39,928	36,175
U.S.D.A. Donated Commodities	13,000	10,785	10,427
U.S.D.A. Delivery	7,000	7,252	5,920
Other Supplies	1,500	3,838	3,299
Other Expenses			
Miscellaneous	200	1,480	1,075
Total Expenditures	<u>\$ 153,500</u>	<u>\$ 152,775</u>	<u>\$ 154,826</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (7,400)	\$ 995	\$ (10,892)

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

SCHOOL SERVICE FUND - FOOD SERVICE  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In - General Fund	7,400	8,182	10,892
Net Change in Fund Balance	\$ 0	\$ 9,177	\$ 0
<u>FUND BALANCE</u> - Beginning of Year	0	0	0
<u>FUND BALANCE</u> - End of Year	<u>\$ 0</u>	<u>\$ 9,177</u>	<u>\$ 0</u>

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

SCHOOL SERVICE FUND- ATHLETIC ACTIVITIES

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 28,930	\$ 14,163
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Unreserved		
Designated for Athletic Activities	<u>28,930</u>	<u>14,163</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 28,930</u>	<u>\$ 14,163</u>

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

SCHOOL SERVICE FUND - ATHLETIC ACTIVITIES  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Admissions	\$ 26,000	\$ 33,567	\$ 27,782
Sales/ Fundraisers	5,500	16,127	10,560
Donations	5,000	18,142	8,584
Miscellaneous	200	1,045	902
Interest	50	84	50
Entry Fees	850	2,120	1,685
Total Revenues	<u>\$ 37,600</u>	<u>\$ 71,085</u>	<u>\$ 49,563</u>
<u>EXPENDITURES</u>			
Salaries			
Athletic Directors	\$ 11,000	\$ 11,680	\$ 9,015
Coaches	48,000	45,706	47,179
Employee Benefits			
Retirement	10,230	9,468	8,785
FICA	4,500	4,352	4,276
Workmen's Compensation	100	60	81
Unemployment	0	1,591	0
Purchased Services			
Repairs	2,000	754	813
Officials	9,000	9,452	8,948
Workers at Events	1,000	2,228	1,078
Registration and Entry Fees	1,000	1,255	1,715
Travel and Expense	4,500	4,148	5,922
Supplies and Materials			
Athletic Supplies	10,500	11,619	11,930
Uniforms	5,000	8,501	7,033

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

SCHOOL SERVICE FUND - ATHLETIC ACTIVITIES  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007  
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Other Expense			
Dues	500	500	345
Clinics	200	100	250
Fundraising Expenses	5,500	16,998	10,822
Capital Outlay	0	1,109	0
Miscellaneous	400	1,393	1,280
Total Expenditures	<u>\$ 113,430</u>	<u>\$ 130,914</u>	<u>\$ 119,472</u>
Excess (Deficiency) of Revenues			
Over Expenditures	\$ (75,830)	\$ (59,829)	\$ (69,909)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In - General Fund	<u>75,830</u>	<u>74,596</u>	<u>71,658</u>
Net Change in Fund Balance	<u>\$ 0</u>	<u>\$ 14,767</u>	<u>\$ 1,749</u>
<u>FUND BALANCE</u> - Beginning of Year	<u>4,647</u>	<u>14,163</u>	<u>12,414</u>
<u>FUND BALANCE</u> - End of Year	<u><u>\$ 4,647</u></u>	<u><u>\$ 28,930</u></u>	<u><u>\$ 14,163</u></u>

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

DEBT RETIREMENT FUNDS  
COMBINING BALANCE SHEET

JUNE 30, 2007  
WITH COMPARATIVE TOTALS FOR JUNE 30, 2006

	<u>BOND ISSUE OF</u>		<u>TOTALS</u>	
	<u>2005</u>			
	<u>REFUNDING</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>				
Cash	\$ 5,830	\$ 3,353	\$ 9,183	\$ 166,618
Taxes Receivable	4,744	0	4,744	3,162
Investments	71,645	0	71,645	29,205
TOTAL ASSETS	<u>\$ 82,219</u>	<u>\$ 3,353</u>	<u>\$ 85,572</u>	<u>\$ 198,985</u>
 <u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Due to Other Funds	\$ 2,139	\$ 0	\$ 2,139	\$ 0
 <u>FUND BALANCE</u>				
Reserved for:				
Debt Retirement	80,080	3,353	83,433	198,985
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 82,219</u>	<u>\$ 3,353</u>	<u>\$ 85,572</u>	<u>\$ 198,985</u>



PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

DEBT RETIREMENT FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2007

WITH COMPARATIVE AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006

	<u>BOND ISSUE OF</u>		<u>TOTALS</u>	
	<u>2005</u>		<u>2007</u>	<u>2006</u>
	<u>REFUNDING</u>	<u>2006</u>		
<u>REVENUES</u>				
Local Sources				
Property Tax Collections	\$ 454,507	\$ 53,189	\$ 507,696	\$ 426,747
Commercial Forest	120	19	139	92
Interest Earnings	7,282	0	7,282	5,609
Miscellaneous Revenue	0	0	0	6,326
Total Revenues	\$ 461,909	\$ 53,208	\$ 515,117	\$ 438,774
<u>EXPENDITURES</u>				
Redemption of Serial Bonds	\$ 438,200	\$ 45,000	\$ 483,200	\$ 330,000
Interest on Debt	142,081	4,852	146,933	180,269
Paying Agent Fees	225	0	225	300
Taxes Abated and Written Off	246	0	246	172
Miscellaneous Expenditures	62	401	463	0
Total Expenditures	\$ 580,814	\$ 50,253	\$ 631,067	\$ 510,741
Excess (Deficiency) of Revenues Over Expenditures	\$ (118,905)	\$ 2,955	\$ (115,950)	\$ (71,967)
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from Sale of Bonds	\$ 0	\$ 200,000	\$ 200,000	\$ 0
Transfers Out	0	(199,602)	(199,602)	0
Total Other Financial Sources (Uses)	\$ 0	\$ 398	\$ 398	\$ 0
Net Change in Fund Balance	\$ (118,905)	\$ 3,353	\$ (115,552)	\$ (71,967)
<u>FUND BALANCE</u> - Beginning of Year	198,985	0	198,985	270,952
<u>FUND BALANCE</u> - End of Year	\$ 80,080	\$ 3,353	\$ 83,433	\$ 198,985

PICKFORD PUBLIC SCHOOLS

PICKFORD, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

YEAR ENDED JUNE 30, 2007

	BALANCE 7/1/06	RECEIPTS (INCLUDING TRANSFERS)	DISBURSEMENTS	BALANCE 6/30/07
Band Booster Club	\$ 3,285	\$ 10,233	\$ 11,330	\$ 2,188
Class of 2001	210	0	0	210
Class of 2002	299	0	0	299
Class of 2003	100	0	0	100
Class of 2004	100	0	0	100
Class of 2005	104	0	0	104
Class of 2006	196	80	117	159
Class of 2007	554	1,382	1,083	853
Class of 2008	546	1,451	897	1,100
Class of 2009	0	12	0	12
Class of 2010	0	86	0	86
Drama	494	0	0	494
Elementary School	6,492	11,695	12,573	5,614
Elementary Music	774	138	0	912
FCCLA - Regular	(8,640)	37,288	37,970	(9,322)
FCCLA - Foundation	798	0	0	798
FCCLA - Trip	758	0	0	758
High School	0	3,024	2,193	831
Interest - N.O.W. Account	666	391	905	152
Junior High	0	3,001	2,868	133
Non-Instructional Flower Fund	186	557	807	(64)
Poms	38	1,544	1,564	18
Prom Account	0	1,500	1,500	0
Region II - FCCLA Treas	4	0	0	4
Scholarship - Hughes	10,407	9,470	9,147	10,730
Student Council	806	3,164	1,518	2,452
Student Services	5,932	7,057	5,682	7,307
Teachers' Lounge Pop Machine	313	1,346	1,212	447
Wood Shop	0	100	0	100
Yearbook	(1,320)	16,311	17,747	(2,756)
	<u>\$ 23,102</u>	<u>\$ 109,830</u>	<u>\$ 109,113</u>	<u>\$ 23,819</u>
Represented by				
Assets				
Cash	\$ 22,106			\$ 23,819
Due from Other Funds	996			0
	<u>\$ 23,102</u>			<u>\$ 23,819</u>
Liabilities				
Due to Groups and Organizations	\$ 23,102			\$ 23,819

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

SCHEDULE OF 2006 TAX ROLL  
YEAR ENDED JUNE 30, 2007

	STATE TAXABLE VALUATION	TAXES ASSESSED	TAXES COLLECTED	TAXES RETURNED DELINQUENT
<u>GENERAL FUND (18.00 Mills)</u>				
<u>CHIPPEWA COUNTY</u>				
Bruce Township	\$ 141,011	\$ 2,538	\$ 2,414	\$ 124
Pickford Township	12,095,752	217,722	196,550	21,172
Raber Township	7,886,741	141,961	131,896	10,065
<u>MACKINAC COUNTY</u>				
Marquette Township	5,278,040	95,005	86,228	8,777
	<u>\$ 25,401,544</u>	<u>\$ 457,226</u>	<u>\$ 417,088</u>	<u>\$ 40,138</u>
<u>DEBT RETIREMENT FUND - 1996 BOND ISSUE (7.00 Mills)</u>				
<u>CHIPPEWA COUNTY</u>				
Bruce Township	\$ 634,747	\$ 4,443	\$ 3,973	\$ 470
Pickford Township	38,314,035	268,192	242,951	25,241
Raber Township	13,789,600	96,527	88,953	7,574
<u>MACKINAC COUNTY</u>				
Marquette Township	12,138,427	84,969	75,203	9,766
	<u>\$ 64,876,809</u>	<u>\$ 454,131</u>	<u>\$ 411,080</u>	<u>\$ 43,051</u>

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

SCHEDULE OF 2006 TAX ROLL  
YEAR ENDED JUNE 30, 2007

STATE TAXABLE VALUATION	TAXES ASSESSED	TAXES COLLECTED	TAXES RETURNED DELINQUENT
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DEBT RETIREMENT FUND - 2006 BOND ISSSUE (.82 MILLS)

CHIPPEWA COUNTY

Bruce Township	\$ 634,747	\$ 520	\$ 465	\$ 55
Pickdord Township	38,314,035	31,410	28,664	2,746
Raber Township	13,789,600	11,305	10,418	887

MACKINAC COUNTY

Marquette Township	12,138,427	9,954	8,809	1,145
	<u>\$ 64,876,809</u>	<u>\$ 53,189</u>	<u>\$ 48,356</u>	<u>\$ 4,833</u>

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN  
COMPARATIVE SCHEDULE OF INVESTMENTS  
YEAR ENDED JUNE 30,

		2007		2006	
		RATE	AMOUNT	RATE	AMOUNT
<u>GENERAL FUND</u>					
General Operating Account					
Michigan School District Liquid					
Asset Fund Plus					
MICMS		4.83%	\$ 620	4.65%	\$ 591
MIMAX		5.07%	1,022	4.91%	3,804
Consolidated Community School					
Services Account					
Central Savings Bank					
Money Market Account		0.40%	<u>291,188</u>	0.40%	<u>129,698</u>
			<u>\$ 292,830</u>		<u>\$ 134,093</u>
<u>DEBT RETIREMENT</u>					
Michigan School District Liquid					
Asset Fund Plus					
MICMS		4.83%	\$ 68	4.65%	\$ 40
MIMAX		5.07%	<u>71,577</u>	4.91%	<u>29,165</u>
			<u>\$ 71,645</u>		<u>\$ 29,205</u>

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

2005 REFUNDING BONDS PAYABLE  
JUNE 30, 2007

<u>TITLE OF ISSUE</u>	2005 Refunding Bonds (General Obligation - Unlimited Tax)		
<u>PURPOSE</u>	The bonds were issued to refinance the outstanding balance of the school's 1996 School Building and Site Bonds ( General Obligation - Unlimited Tax) dated November 1, 1996.		
<u>DATE OF ISSUE</u>	February 22, 2005		
<u>AMOUNT OF ISSUE</u>	\$ 3,885,000		
<u>AMOUNT REDEEMED</u>			
Prior Years	\$ 35,000		
Current Year	175,000	210,000	
<u>BALANCE OUTSTANDING - June 30, 2007</u>		<u>\$ 3,675,000</u>	

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
November 1, 2007			\$ 68,853	68,853
May 1, 2008	2.750%	\$ 185,000	68,853	253,853
November 1, 2008			66,309	66,309
May 1, 2009	3.000%	205,000	66,309	271,309
November 1, 2009			63,234	63,234
May 1, 2010	3.250%	215,000	63,234	278,234
November 1, 2010			59,741	59,741
May 1, 2011	3.500%	220,000	59,741	279,741
November 1, 2011			55,891	55,891
May 1, 2012	3.500%	245,000	55,891	300,891
November 1, 2012			51,603	51,603
May 1, 2013	3.625%	265,000	51,603	316,603
November 1, 2013			46,800	46,800
May 1, 2014	3.750%	265,000	46,800	311,800
November 1, 2014			41,831	41,831
May 1, 2015	4.000%	260,000	41,831	301,831
November 1, 2015			36,631	36,631

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

2005 REFUNDING BONDS PAYABLE  
JUNE 30, 2007

	INTEREST RATES	REQUIREMENTS		
		PRINCIPAL	INTEREST	TOTAL
May 1, 2016	4.000%	260,000	36,631	296,631
November 1, 2016			31,431	31,431
May 1, 2017	4.000%	255,000	31,431	286,431
November 1, 2017			26,331	26,331
May 1, 2018	4.000%	250,000	26,331	276,331
November 1, 2018			21,331	21,331
May 1, 2019	4.000%	250,000	21,331	271,331
November 1, 2019			16,331	16,331
May 1, 2020	4.000%	270,000	16,331	286,331
November 1, 2020			10,931	10,931
May 1, 2021	4.125%	265,000	10,931	275,931
November 1, 2021			5,466	5,466
May 1, 2022	4.125%	265,000	5,466	270,466
		<u>\$ 3,675,000</u>	<u>\$ 1,205,428</u>	<u>\$ 4,880,428</u>

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

2006 SCHOOL BUS BONDS PAYABLE  
JUNE 30, 2007

TITLE OF ISSUE 2006 School Bus Bonds (General Obligation - Unlimited Tax)

PURPOSE The bonds were issued to fund the purchase of school buses.

DATE OF ISSUE September 12, 2006

AMOUNT OF ISSUE \$ 200,000

AMOUNT REDEEMED

Prior Years	\$ 0	
Current Year	45,000	45,000

<u>BALANCE OUTSTANDING</u> - June 30, 2007	\$	155,000
--	----	---------

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
November 1, 2007			\$ 3,177	\$ 3,177
May 1, 2008	4.100%	\$ 50,000	3,178	53,178
November 1, 2008			2,152	2,152
May 1, 2009	4.100%	50,000	2,153	52,153
November 1, 2009			1,127	1,127
May 1, 2010	4.100%	55,000	1,128	56,128
		\$ 155,000	\$ 12,915	\$ 167,915



**PICKFORD PUBLIC SCHOOLS**

**PICKFORD, MICHIGAN**

**SINGLE AUDIT**

**JUNE 30, 2007**

*Baird, Cotter and Bishop, P.C.*

**CERTIFIED PUBLIC ACCOUNTANTS**

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601

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PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

SINGLE AUDIT  
YEAR ENDED JUNE 30, 2007

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# *Baird, Cotter and Bishop, P.C.*

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August 3, 2007

### REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education  
Pickford Public Schools  
Pickford, Michigan

#### COMPLIANCE

We have audited the compliance of Pickford Public Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Pickford Public Schools major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Pickford Public Schools' management. Our responsibility is to express an opinion on Pickford Public Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Pickford Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Pickford Public Schools' compliance with those requirements.

In our opinion, Pickford Public Schools complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

## INTERNAL CONTROL OVER COMPLIANCE

The management of Pickford Public Schools' is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Pickford Public Schools' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in a district's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the district's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the district's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pickford Public Schools as of and for the year ended June 30, 2007, and have issued our report thereon dated August 3, 2007. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Pickford Public Schools' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE/ GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED (DEFERRED) REVENUE JULY 1, 2006	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED (DEFERRED) REVENUE JUNE 30, 2007	ADJUSTMENTS
<b>U.S. Department of Education</b>								
Passed Through Michigan Department of Education (M.D.E.)								
ECIA Title I - Educationally Deprived								
Project No. 071530-0607	84.010	\$ 48,822	\$ 0	\$ 53,396	\$ 37,512	\$ 28,780	\$ 8,732	\$ 0
Improving Teacher Quality								
Project No. 070520-0607	84.367	\$ 21,200	\$ 0	\$ 21,461	\$ 21,200	\$ 21,200	\$ 0	\$ 0
Title II D Technology Literacy Challenge								
Project No. 074290-0607	84.318	\$ 499	\$ 0	\$ 996	\$ 499	\$ 499	\$ 0	\$ 0
Title V LEA Allocation								
Project No. 070250-0607	84.298	\$ 1,032	\$ 0	\$ 2,171	\$ 1,032	\$ 1,032	\$ 0	\$ 0
Total Passed Through M.D.E.		\$ 71,553	\$ 0	\$ 78,024	\$ 60,243	\$ 51,511	\$ 8,732	\$ 0
Passed Through Michigan Department of Career Development								
Title II - Adult Education and Family Literacy								
Instruction								
Project No. 061130-711007	84.002A	\$ 20,000	\$ 0	\$ 0	\$ 20,000	\$ 20,000	\$ 0	\$ 0
Project No. 071130-711007	84.002A	96,000	0	0	96,000	96,000	0	0
Institutional Funds								
Project No. 071190-711007	84.002A	35,100	0	0	35,100	35,100	0	0
Total	84.002A	\$ 151,100	\$ 0	\$ 0	\$ 151,100	\$ 151,100	\$ 0	\$ 0
Total Passed Through Michigan Department of Career Development		\$ 151,100	\$ 0	\$ 0	\$ 151,100	\$ 151,100	\$ 0	\$ 0
Passed Through Intermediate School District (I.S.D.)								
Title VI-B Flowthrough								
Project No. 070450-0607	84.027	\$ 20,976	\$ 0	\$ 31,900	\$ 20,976	\$ 20,976	\$ 0	\$ 0
Total Passed Through Eastern Upper Peninsula I.S.D.		\$ 20,976	\$ 0	\$ 31,900	\$ 20,976	\$ 20,976	\$ 0	\$ 0
<b>Total U.S. Department of Education</b>		\$ 243,629	\$ 0	\$ 109,924	\$ 232,319	\$ 223,587	\$ 8,732	\$ 0
<b>U.S. Department of Agriculture</b>								
Child Nutrition Cluster								
Passed Through Michigan Department of Education (M.D.E.)								
National School Lunch Program								
Section 4 - Total Servings - 1950	10.555	\$ 10,920	\$ 0	\$ 10,062	\$ 10,920	\$ 10,920	\$ 0	\$ 0
Section 11 - Free and Reduced - 1960	10.555	44,427	0	38,656	44,427	44,427	0	0
Total	10.555	\$ 55,347	\$ 0	\$ 48,718	\$ 55,347	\$ 55,347	\$ 0	\$ 0
National School Breakfast Program								
Breakfast - 1970	10.553	\$ 14,221	\$ 0	\$ 11,776	\$ 14,221	\$ 14,221	\$ 0	\$ 0
Total Child Nutrition Cluster		\$ 69,568	\$ 0	\$ 60,494	\$ 69,568	\$ 69,568	\$ 0	\$ 0
Food Distribution								
Entitlement Commodities	10.550	\$ 10,691	\$ 0	\$ 9,223	\$ 10,691	\$ 10,691	\$ 0	\$ 0
Bonus Commodities	10.550	94	0	1,204	94	94	0	0
Total	10.550	\$ 10,785	\$ 0	\$ 10,427	\$ 10,785	\$ 10,785	\$ 0	\$ 0

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE/ GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED (DEFERRED) REVENUE JULY 1, 2006	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED (DEFERRED) REVENUE JUNE 30, 2007	ADJUSTMENTS
Child Care Food Program								
Meals Reimbursement - 1920	10.558	\$ 5,069	\$ 0	\$ 1,893	\$ 5,069	\$ 5,069	\$ 0	\$ 0
Total Passed Through M.D.E.		\$ 85,422	\$ 0	\$ 72,814	\$ 85,422	\$ 85,422	\$ 0	\$ 0
<b>Total U.S. Department of Agriculture</b>		<b>\$ 85,422</b>	<b>\$ 0</b>	<b>\$ 72,814</b>	<b>\$ 85,422</b>	<b>\$ 85,422</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>U.S. Department of Labor</b>								
Passed Through E.U.P. Employment and Training Consortium								
Workforce Investment Act								
Contract No. PY03-WIA-01								
WIA Youth Program	17.259	\$ 442,172	\$ 4,747	\$ 431,324	\$ 0	\$ 4,747	\$ 0	\$ 0
Contract No. PY06-WIA-01								
WIA Youth Program	17.259	474,749	0	0	414,172	403,705	10,467	0
Contract No. PY03-WIA-02								
WIA Adult Worker	17.258	471,759	2,228	458,154	0	2,228	0	0
Contract No. PY06-WIA-01								
WIA Adult Worker	17.258	474,749	0	0	493,367	487,892	5,475	0
Contract No. PY02-WIA-INCWKR-01								
Incumbent Worker	17.258	14,300	6	14,299	0	6	0	0
Contract No. PY06-WIA-INCWKR-01								
Incumbent Worker	17.258	13,600	0	0	13,599	13,599	0	0
Contract No. PY05-WIA/DH-01								
WIA Displaced Homemaker	17.255	34,000	3,496	31,918	0	3,496	0	0
Contract No. PY06-WIA/DH-01								
WIA Displaced Homemaker	17.255	34,000	0	0	28,119	27,139	980	0
Contract No. PY06-WIA-02								
WIA Dislocated Worker	17.255	293,035	0	0	273,460	268,150	5,310	0
Contract No. PY03-WIA-02								
WIA Adult and Dislocated Worker	17.260	283,174	(2,285)	255,140	2,285	0	0	0
Contract No. PY06-WIA/DW-SCH-01								
Dislocated Worker Scholarships	17.255	13,000	0	0	12,998	12,998	0	0
Total		<u>\$ 2,548,538</u>	<u>\$ 8,192</u>	<u>\$ 1,190,835</u>	<u>\$ 1,238,000</u>	<u>\$ 1,223,960</u>	<u>\$ 22,232</u>	<u>\$ 0</u>
Wagner-Peyser Act								
Contract No. PY03-ES-01								
Employment Services	17.207	\$ 94,787	\$ 330	\$ 94,787	\$ 0	\$ 330	\$ 0	\$ 0
Contract No. PY06-ES-01								
Employment Services	17.207	69,262	0	0	69,262	69,262	0	0
Contract No. PY03-ES-02								
Re-employment Services	17.207	9,063	18	9,061	0	18	0	0
Total		<u>\$ 173,112</u>	<u>\$ 348</u>	<u>\$ 103,848</u>	<u>\$ 69,262</u>	<u>\$ 69,610</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Passed Through E.U.P. Employment and Training Consortium		<u>\$ 2,721,650</u>	<u>\$ 8,540</u>	<u>\$ 1,294,683</u>	<u>\$ 1,307,262</u>	<u>\$ 1,293,570</u>	<u>\$ 22,232</u>	<u>\$ 0</u>
<b>Total U.S. Department of Labor</b>		<b><u>\$ 2,721,650</u></b>	<b><u>\$ 8,540</u></b>	<b><u>\$ 1,294,683</u></b>	<b><u>\$ 1,307,262</u></b>	<b><u>\$ 1,293,570</u></b>	<b><u>\$ 22,232</u></b>	<b><u>\$ 0</u></b>

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE/ GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED (DEFERRED) REVENUE JULY 1, 2006	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED (DEFERRED) REVENUE JUNE 30, 2007	ADJUSTMENTS
<b>U.S. Department of Interior</b>								
Passed Through County Payment in Lieu of Taxes National Forest	10.655	\$ 4,127	\$ 0	\$ 3,893	\$ 4,127	\$ 4,127	\$ 0	\$ 0
<b>Total U.S. Department of Interior</b>		\$ 4,127	\$ 0	\$ 3,893	\$ 4,127	\$ 4,127	\$ 0	\$ 0
<b>TOTAL FEDERAL FINANCIAL ASSISTENCE</b>		<u>\$ 3,054,828</u>	<u>\$ 8,540</u>	<u>\$ 1,481,314</u>	<u>\$ 1,629,130</u>	<u>\$ 1,606,706</u>	<u>\$ 30,964</u>	<u>\$ 0</u>

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

(A) Significant Accounting Policies Used in Preparing Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting and presents transactions in the same manner as reflected in the basic financial statements of the school district. The significant accounting policies used are described in footnote (1) to the June 30, 2007, basic financial statements.

(B) Reconciliation of Revenues with Expenditures for Federal Financial Assistance Programs

Revenues from Federal Sources - Statement of Revenues,	
Expenditures and Changes in Fund Balances - Governmental Funds	\$ 1,626,845
Adjustment for Prior Year Deferred Revenue	2,285
Total Revenue from Federal Sources	\$ <u>1,629,130</u>

Federal Expenditures per Schedule of Expenditures of Federal Awards	\$ <u>1,629,130</u>
---	---------------------

(C) Reconciliation of Grant Section Auditor's Report with Schedule of Expenditures of Federal Awards

Management has utilized the Grant Section Auditor's Report (Form R7120) in preparing the Schedule of Expenditures of Federal Awards.

Current Cash Payments per Grant Section	
Auditor's Report Dated July 10, 2007	\$ 403,043

Add Items Not on Grant Section Auditor's Report:

Amounts Received as Pass Through from	
Intermediate School District	
Title VI-B Flowthrough	\$ 20,976

Amounts Received Through Counties	
National Forest	4,127

Amounts Received as Payments in Kind	
Food Distribution Program	
Entitlement Commodities	10,691
Bonus Commodities	94



PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Amounts Received as Pass Through From		
E.U.P. Employment and Training Consortium		
Workforce Investment Act	1,223,960	
Wagner-Peyser Act	<u>69,610</u>	1,329,458
Less Prior Year and Duplicate Payments Reported by		
New Grant Auditor Report from Cash Management System		
Title I part A	(74,394)	
Title II part A	(42,661)	
Title II part D	(996)	
Title V part A	<u>(2,171)</u>	(120,222)
Less Non-Federal Payments Reported on the		
Grant Section Auditor's Report:		
School Breakfast Program – State Funds		<u>(5,573)</u>
Current Year Receipts (Cash Basis) per		
Schedule of Expenditures of Federal Awards		\$ <u><u>1,606,706</u></u>

# *Baird, Cotter and Bishop, P.C.*

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August 3, 2007

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education  
Pickford Public Schools  
Pickford, Michigan

We have audited the financial statements of Pickford Public Schools as of and for the year ended June 30, 2007, and have issued our report thereon dated August 3, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Pickford Public Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Pickford Public School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Pickford Public School's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the district's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the district's financial statements that is more than inconsequential will not be prevented or detected by the district's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs (Section II) to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the district's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above are material weaknesses.

#### COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Pickford Public School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Pickford Public School's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Education, others within the district, and federal awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Finding 2006-A (from the 2005/2006 fiscal year)

The District has a limited number of people involved in the accounting function due to financial constraints in allocating resources to this activity. This condition hampers the ability of the District to adequately segregate duties to enhance internal control.

The District is aware of this limitation and continues to explore cost effective measures to improve this internal control limitation.

This finding is repeated for the current fiscal year.

PICKFORD PUBLIC SCHOOLS  
PICKFORD, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

**Section I - Summary of Auditors - Results**

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***Financial Statements***

Type of auditors' report issued: Unqualified

Material weakness(es) identified: \_\_\_\_\_ Yes   X   No

Significant deficiencies identified that are not  
considered to be material weaknesses?   X   Yes \_\_\_\_\_

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

***Federal Awards***

Internal control over major programs:

Material weakness(es) identified: \_\_\_\_\_ Yes   X   No

Significant deficiencies identified that are not  
considered to be material weakness(es)? \_\_\_\_\_ Yes   X   No

Type of auditors' report issued on compliance for major  
programs: Unqualified

Any audit findings disclosed that are required to be  
reported with Section 510(a) of Circular A-133? \_\_\_\_\_ Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
17.259	WIA Youth Program
17.258	WIA Adult Worker

Dollar threshold used to distinguish between Type A  
and Type B programs: \$300,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes   X   No

## Section II - Findings - Basic Financial Statements Audit

### 2007-A

#### 1) Lack of Adequate Internal Controls

The relatively small number of people involved in the accounting functions of the District make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation. We realize that it is not financially practical for the Board to establish a larger accounting staff in order to implement proper segregation of duties.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the district's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the district's financial statements that is more than inconsequential will not be prevented or detected by the district's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. The significant deficiency noted above was not considered to be a material weakness.

#### Corrective Action Plan

##### Inadequate segregation of duties

With the status of state funding, the District is unable to hire additional employees at this time to improve the segregation of duties within the accounting function. We realize that segregation of duties is important in order to increase internal control. Management oversight has been an alternative means of monitoring internal control along with continuing to try and reassign some duties within the accounting department to other staff members. We still are exploring ways to spread some of the day-to-day accounting responsibilities. The District and Superintendent will continue to monitor the situation and explore cost effective ways to improve this internal control limitation.

#### 2) Lack of Adequate Controls to Produce Full Disclosure GAAP Basis Financial Statements

All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principals (GAAP). This is a responsibility of the government's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining

internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting).

As is the case with many smaller and medium-sized entities, the government has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the government's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its *external* auditors, who cannot by definition be considered a part of the government's *internal* controls.

This condition was caused by the government's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the government to perform this task internally.

As a result of this condition, the government lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this task.

The government has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its external auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

### **Section III – Federal Award Findings and Questioned Costs**

None

# *Baird, Cotter and Bishop, P.C.*

## **CERTIFIED PUBLIC ACCOUNTANTS**

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August 3, 2007

Board of Education  
Pickford Public Schools  
Pickford, Michigan

Dear Members of the Board and Administrators:

As a result of our audit of the financial statements of the Pickford Public Schools for the year ended June 30, 2007, we would like to take this opportunity to comment on the following items relative to the management and accounting records and procedures of the School District:

### Single Audit Report

The Pickford Public Schools received over \$500,000 in federal funds and, therefore, is required to have a "Single Audit" in accordance with various federal and state guidelines. We will be completing the required Single Audit and will issue our reports thereon under a separate cover from your regular annual financial statements.

We recommend the Board and administration review the reports in the Single Audit for the year ended June 30, 2007.

### Act 621 (Uniform Budgeting and Accounting Act)

Our comments relative to the District's budgeting procedures are as follows:

- (1) The Athletic Activities Fund exceeded the budgeted amounts.
- (2) Several activities in the General Fund exceeded the budgeted amounts. The District should continue to monitor its budgets on an ongoing basis and make budget amendments prior to incurring expenditures in excess of budgeted amounts.

### Credit Card Policy

It was determined that Pickford Public Schools does not have a credit card policy in place that sets forth the District's guidelines for credit card usage by its employees.

We recommend that the Board approve and implement such a policy.



General Condition of Accounting Records

The accounting records were found to be in excellent condition again this year. The accounting personnel did a good job in preparing for the audit.

We encourage the administration and accounting staff to continue to implement new procedures and controls as it appears appropriate or as new rules and regulations require changes.

We wish to take this opportunity to thank the Board for again awarding this firm the audit assignment of the District, and the administration and staff for their cooperation and assistance in helping us fulfill this audit assignment.

Very truly yours,

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*